A large circular graphic composed of various white line-art icons on a teal background. The icons include a person with a headset, a cloud with circuit lines, a "net zero" icon with a leaf, a checkmark in a circle, a target, a water tap with a drop, a person at a presentation board, a hand holding a water drop, a globe with a thermometer, a group of people with an upward arrow, a leaf, a person silhouette, a water drop with a gear, and a glass of water. The central text is overlaid on a white circle within this graphic.

**APPENDIX
SES053
PR24
GOVERNANCE
FRAMEWORK**

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APPENDIX SES053: PR24 GOVERNANCE FRAMEWORK

A. Introduction

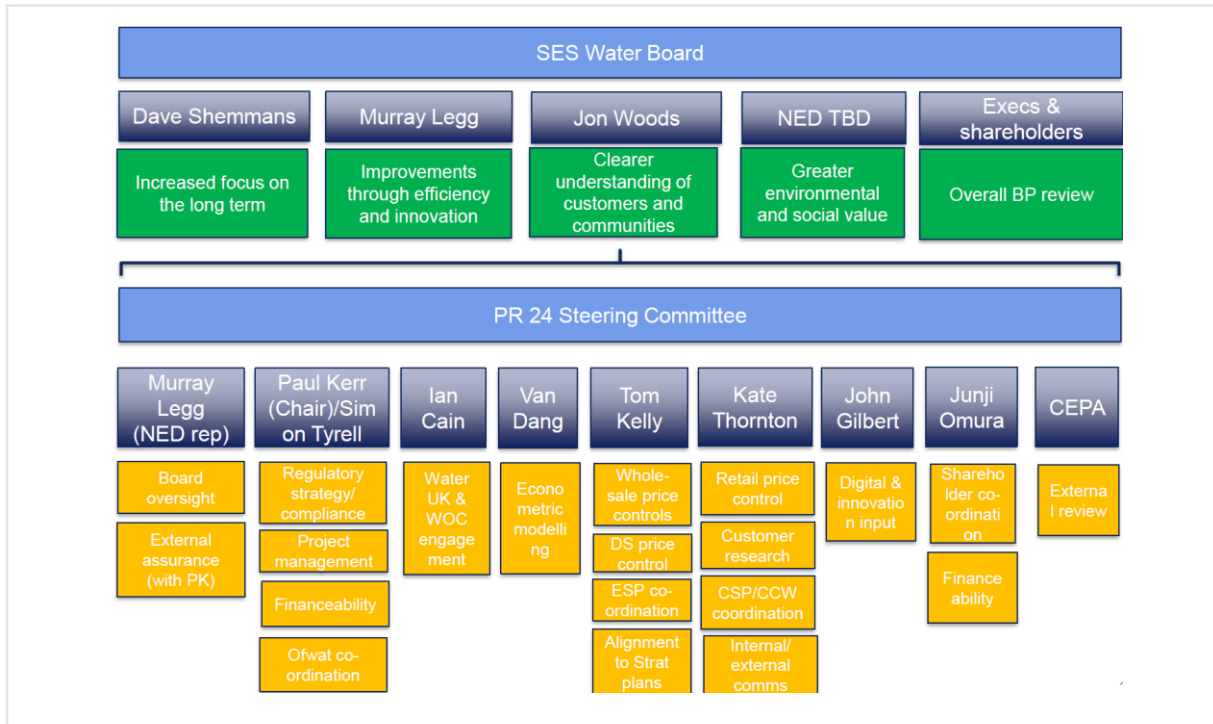
This appendix sets out the Governance structure adopted for the PR24 Business Planning process, including development of the Long-Term Delivery Strategy. It includes an overview of Board engagement, including the key matters presented at PR24 Board meetings, Board challenge and decisions made.

1. The appendix is structured as follows:
 - Section B – PR24 Governance Framework
 - Figure 1 – PR24 Governance Framework
 - Figure 2 – PR24 Steering Group Terms of Reference
 - Figure 3 – PR24 Working Group Terms of Reference
 - Section C – PR24 Board Meetings, Board Challenge and Decisions
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 - Figure 5 – Board Meeting Dec 21
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 - Figure 17 - Board Meeting 15 Sept 23
 - Figure 18 - Board Meeting 27 Sept 23



B. PR24 Governance Framework

Figure 1: PR24 Governance Framework



Source: SES Water

Figure 2: PR24 Steering Committee Terms of Reference

Purpose

- PR24 is the business planning process that will culminate in Ofwat’s Final Determination which will outline what we must deliver over the next AMP (2025-30) and what revenue we are allowed to recover, via charges to our customers, to pay for service delivery.
- A steering group is needed to coordinate the work led by accountable managers. It will provide a forum for discussion of strategy and policy and the environment for internal challenge of technical approaches and business cases. Ultimately the group will be responsible for making recommendations to the Board.

Objectives

- Ensure delivery of PR24 Business Plan
- Develop and maintaining the programme risk and opportunities register.
- Ensure a well-coordinated implementation of the BP;
- Serve as an information sharing platform;
- Facilitate informed decision making throughout BP process

Inputs

- Minutes and actions from previous meetings.
- Update from key lead on each workstream
- Detailed content to enable ‘deep dives’ into different areas.
- External reports (such as NERA) where applicable.

Outputs

- Summarised minutes of all meetings and related matters arising.
- Reports to be provided to Board members at agreed, regular intervals.
- Finalised PR24 BP with all relevant data tables and associated evidence
- List of recommended next steps;
- Recommendations for adjustments to the plan as needed

Membership

- Murray Legg – NED representative
- Paul Kerr – CFO (Chair_
- Simon Tyrell – Project Manager
- Ian Cain – CEO
- Tom Kelly – Wholesale Director
- Kate Thornton – Customer Director
- John Gilbert – CIO
- Nicola Houlahan – Quality and Compliance Director
- Van Dang – Regulation Manager
- Emma Prince – Group Financial Controller
- Junji Omura- shareholder representative
- Fumiya Motomura – shareholder representative
- CEPA – external regulatory consultants

The Project Manager will be responsible for the meeting agenda, minutes and co-ordination of all inputs and outputs.

Standard Agenda

To include as a minimum minutes and actions from previous meetings and the following items:

- Latest issues, risks and opportunities log
- Updates from all workstreams

Frequency of Meeting

- The SES PR24 Steering Committee will meet every two months up to Nov 2022, then monthly up to issuance of Business Plan in October 2023. Further meetings will then be determined for draft and final determination review up to December 2024.

Source: SES Water



Figure 3: PR24 Working Group Terms of Reference

<p>Purpose</p> <ul style="list-style-type: none"> PR24 is the business planning process that will culminate in Ofwat’s Final Determination which will outline what we must deliver over the next AMP (2025-30) and what revenue we are allowed to recover, via charges to our customers, to pay for service delivery. A working group is needed to coordinate the workstreams. It will provide a forum for update and discussion of programme plan progress as well as cross workstream dependencies and alignment of decision and outcome impacts. Allows for internal challenge of technical approaches and business cases. Ultimately the group will be responsible for making recommendations to the Steering Board. <p>Objectives</p> <ul style="list-style-type: none"> Ensure delivery of PR24 Business Plan Develop and maintaining the programme risk and opportunities register. Ensure a well-coordinated implementation of the BP; Serve as an information sharing platform; Facilitate informed decision making throughout BP process <p>Inputs</p> <ul style="list-style-type: none"> Actions from previous meetings. Update from key lead on each workstream Detailed content to enable ‘deep dives’ into different areas. External reports (such as NERA) where applicable. <p>Outputs</p> <ul style="list-style-type: none"> Updates of action logs, Provide workstream material for Steering Group and Board reviews. Finalised PR24 BP with all relevant data tables and associated evidence List of recommended next steps; Recommendations for adjustments to the plan as needed 	<p>Membership</p> <ul style="list-style-type: none"> Paul Kerr – CFO (Chair) Simon Tyrell – Project Manager Tom Kelly – Wholesale Director Kate Thornton – Customer Director John Gilbert – CIO Nicola Houlahan – Quality and Compliance Director Van Dang – Regulation Manager Emma Prince – Group Financial Controller Junji Omura- shareholder representative Fumiya Motomura – shareholder representative CEPA – Patrick Taylor, Tom Cochrane, Emmanuella Gentzoglani Create51 – Penny Hodge Sarah Brown – Head of People BRG – Corinna Taylor Dan Le Roux - Head of Customer Insight & Analytics Harry Williams – Group Accounting Manager <ul style="list-style-type: none"> The Project Manager will be responsible for the meeting agenda, minutes and co-ordination of all inputs and outputs. <p>Standard Agenda</p> <p>To include as a minimum actions from previous meetings and the following items:</p> <ul style="list-style-type: none"> Latest issues, risks and opportunities log Updates from all workstreams <p>Frequency of Meeting</p> <ul style="list-style-type: none"> The SES PR24 Working Group will meet every fortnight up to Nov 2022, then weekly up to issuance of Business Plan in October 2023. Further meetings will then be determined for draft and final determination review up to December 2024.
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Source: SES Water



C. PR24 Board Meetings, Board Challenge and Decisions

Summary of PR24 Board Review Process

2. The purpose of this document is to summarise the Board's interaction on the PR24 Business Plan. This includes therefore all formal meetings of the SES Water Board with respect to PR24 up to submission of the Business Plan (PR24 BP) by 2 October 2023.
3. All management presentations are attached to this summary document, aligning to the index of meeting summaries. For each meeting we have not repeated all information in the slide decks in this summary - rather we have highlighted areas of Board comment, challenge and decisions for each meeting.
4. As can be noted in the following summaries, the level of formal SES Board interaction has been considerable - from the initial dissemination of PR24 Methodology matters, review of associated PR24 consultations to review of specific areas of the PR24 BP - including also the review and challenge on the Long Term Delivery Strategy (LTDS).
5. Such formal reviews are in addition to the "First amongst equals" review process implemented by our Non-Executive Directors (NEDs) across the PR24 BP and LTDS. For example, our Audit Committee chair - Murray Legg - has been heavily involved in the cost assessment, RORE and Financing/Financial Resilience aspects of the plan, supplementing these formal Board sessions. Similarly, Jon Woods has been heavily involved with all aspects of the "Customer" in the submissions, and Rebecca Wiles on asset health and Water Resource Management Plan (WRMP) matters

Paul Kerr
CFO



Figure 4: Summary of PR24 review meetings

Date	Type of Meeting	Purpose of Meeting	Core Board Attendees							
			DS	ML	JW	RW	IC	PK	KK	KO
Dec-21	SES Water Board	Proposed approach to deliver the PR24 & LTDS programme based on Ofwat's Draft PR24 Framework, including programme governance and board involvement	Y	Y	Y	Y	Y	Y	Y	Y
Feb-22	SES Water Board Strategy Day	Update on PR24 programme team set up / long term strategy planning, Ofwat consultation responses / Customer Engagement strategy	Y	Y	Y	Y	Y	Y	Y	Y
May-22	SES Water Board	Discuss SES Water Draft Methodology representations to Ofwat pre submission, update on PR24 programme mobilisation progress	Y	Y	Y	Y	Y	Y	Y	Y
Jul-22	PR24 Board	Review Ofwat Draft Methodology publication and implications for PR24 programme. - Update Board on programme plan and approach to LTDS and WRSE development including key dates and decision points	Y	Y	Y	Y	Y	Y	Y	Y
Sep-22	PR24 Board	PR24 & LTDS programme update with specific approval of; - SESW Response to Draft Methodology & Ringfencing (Financial Resilience) consultations - LTDS Part 1 Document for public publication - Ambition - Board PR24 Assurance Plan - PR24 Customer engagement plan	Y	Y	Y	Y	Y	Y	Y	Y
Nov-22	PR24 Board	PR24 & LTDS programme update with specific focus on; - Review LTDS development status including initial customer feedback - Approve PR24 & beyond - proposed "Initiatives and choices" - Approve Proposed enhancement & cost adjustment claims - Approve Proposed PR24 PCs - Deep dive into Retail choices and efficiency gap options	Y	Y	Y	Y	Y	Y	Y	Y
Dec-22	PR24 Board	PR24 & LTDS programme update with specific focus on; - Early view of Ofwat Final Methodology any high level impacts to programme plan - Approve draft LTDS structure - Approve LTDS key messages for Ofwat Development Meeting in Jan23 - Approve Copperleaf Value Framework Adoption – proposed solution and timeline - Review updates on Board Assurance and Customer Engagement strategy	Y	Y	Y	Y	Y	Y	Y	Y
Feb-23	PR24 Board	PR24 & LTDS programme update with specific focus on; - Update Board on feedback from Ofwat LTDS Development meeting - Detailed review of Ofwat Final Methodology any potential impacts to programme plan - Key investment choices for plan (Smart Metering, Leakage, Lead, Softening, C-Mex)	Y	Y	Y	Y	Y	Y	Y	Y
Mar-23	PR24 Board	PR24 & LTDS programme update with specific focus on; - Proposed Bespoke 2 Customer research - key customer investment choices - Review dWRMP Ofwat feedback and implications for final submission	Y	Y	Y	Y	Y	Y	Y	Y
May-23	PR24 Board	PR24 & LTDS programme update with specific focus on; - Review "Your Water, Your Say" feedback and Customer Research update - Approve SES Cost Modelling Consultation response to Ofwat - Review initial Copperleaf outputs and update on planned Enhancement claims - Approve proposed Cost Adjustment Claims for early submission	Y	Y	Y	Y	Y	Y	Y	Y
Jun-23	PR24 Board	PR24 & LTDS programme update with specific focus on; - Review results of Bespoke 2 customer research - LTDS Core and Adaptive Pathway development update - Update on PC's and 'What Base Buys' work - Update on Cost Modelling & Cost Adjustment Claim Submission	Y	Y	Y	Y	Y	Y	Y	Y
Jul-23	PR24 Board	PR24 & LTDS programme update with specific focus on; - Approve Outcomes and Performance Commitment Levels 2025-2050 - Approve Approach to assessing what base buys, & projected PCL improvement from base expenditure - Approve LTDS Core and Adaptive Pathway - Approve proposed PR24 Enhancement cases - Review Assurance update including review from CSP / ESP	Y	Y	Y	Y	Y	Y	Y	Y
15-Sep-23	PR24 Board	PR24 & LTDS programme update with specific focus on; - Approve AMP 8 totex, capex and deliverability - Approve AMP 8 efficiency proposals - Approve Financeability, financial resilience and Return on Regulated Equity (RORE) - Affordability options and recommendations	Y	Y	Y	Y	Y	Y	Y	Y
26-Sep-23	PR24 Board	PR24 & LTDS programme update with specific focus on; - Approve Final plan for submission with specific focus on final chapters to review - Approve Board Assurance outcomes	Y	Y	Y	Y	Y	Y	Y	Y

Figure 5: Board Meeting Dec 21

Note - limited actions and challenge raised by Board during initial briefing session, which focused on PR24 and LTDS framework drafts documents produced by Ofwat

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
PK	Request for Board's approval for proposed PR24 and LTDS governance structure, including TOR for PR24 committee	N/A	N/A	Board approved proposed internal governance structure as detailed in the presentation



Figure 6: Board Meeting Feb 22

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
ML	Need to understand full programme plan / Timelines - including Board approval of relevant consultations	Updated timeline detailed provided to Board, and understanding of LTDS vs PR24 BP timeline provided	N/A	Board approval of early consultations from Ofwat on PR24 and LTDS as detailed in the associated deck, including main PR24 consultations, financial resilience and base cost assessment
ML	Update on External Resource requirements to support programme	Proposed external resources discussed with Board for approval including Create 51 (overall LTDS support and editing), CEPA (main economic and regulatory adviser), BRG (supplementary LTDS regulatory and other support), Motts (external assurance), NERA (external assurance including financial modelling and resilience) and Atkins (engineering costing support)	N/A for Board but noted within plan for internal support and external assurance	Board approved management's recommendations on support
Board	Use the outputs from the Senior Leadership Team away day to start develop key themes for the Strategy linking it clearly to the Company purpose	Management presented Present key themes to Board and via April Steering Group	Final purpose work implemented in LTDS work	N/A
Board	Understand Ofwat's Common Reference Scenarios and what they mean for SES Water	Management provided via the deck background to CRS	Common and Bespoke scenarios eventually developed and integrated	N/A
Board	Develop key themes for LTDS and BP	Create 51 and management explain proposed themes for LTDS and BP with the Board	Themes eventually developed into LTDS and customer research	N/A
Board	SLT away day in May to be planned – focus on scenarios and actions	Separate sessions with Senior Leadership Team (SLT) implemented to flesh out themes further for LTDS document	N/A	N/A
Board	Understand the external and inputs into the LTDS	See separate slide pack – with LTDS requirements again reviewed with the Board	N/A	N/A
Board	Development of adaptive planning approach	Expert input utilised to determine the adaptive planning approach we take and the scenarios we plan for through our adaptive approach	BRG provided input ultimately to develop our adaptive planning approach	N/A
Board	Customer insight plan to inform October document and wider PR24 plan	Outline of proposed customer insight plan presented to the Board for consideration	N/A	N/A
ML	Develop the decision making framework we will use to identify options in the core and adaptive pathways (cost, performance, social value, customer preferences)	Initial views provided in this area with discussion of possible systems tool to be utilised	N/A	N/A

Figure 7: Board Meeting May 22

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
Board	Provide further detail on timeline and specific area of Board approval in coming months with respect to PR24	Detail provided on key upcoming Board approvals including out customer engagement plan, our assurance plan and responses to Ofwat's draft methodology statement	Ensured Board input provided on resources and timing for critical parts of the plan	N/A



Figure 8: Board Meeting Jul 22

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
Board	Provide further detail on interaction of strategic plans and interaction with Business Plan	Updates on WRMP provided to Board, together with wider WRSE planning	Allowed Board to ensure that resources were managed effectively across the business on all strands of the strategic plans.	N/A

Figure 9: Board Meeting Sept 22

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
DS	Board reviewed and challenged the draft LTDS Part 1 document to be issued - including ensuring it appropriately captured the Company's purpose, key SESW water LTDS themes, interaction with employees and customers and overall priorities	Management discussed challenge points with the Board and addressed in meeting - especially with respect to aligning purpose and ambition in the initial LTDS document - which was updated and agreed with the Board	Allowed Board to agree on ambition statements, areas of LTDS priority and therefore shape the final LTDS and BP	Board approved LTDS initial document for issuance
ML	Board reviewed management's response to Ofwat draft methodology, ensuring that emphasis on concerns on risk balance and overall WACC matters raised	Management review responses to draft methodology with the Board - including how the matters opposite were addressed	Specific areas of concern with the draft methodology were identified by the Board and therefore influenced final plan - such as positioning on base cost levels, nature of enhancement claims and overall financeability matters	Board approved issuance of SESW's response to draft methodology
DS	DS required that the overall engagement plan ensure that a formal Ofwat Engagement plan is incorporated	Included in the updated overall engagement plan	N/A	N/A
ML	Request to ensure that key choices are brought to the Board in later sessions when available	Key choices were presented to Nov Board	Allowed the Board - in November - to review and challenge key choices presented by management and therefore shape enhancement cases in particular	N/A
JW	The Board reviewed the Customer Engagement Plan and challenged management to ensure effective alignment with Ofwat process, engagement of CSP as part of overall customer assurance work and to provided the Board with further details on Bespoke 1 & 2 research	Management review the items opposite with the Board in the session as detailed in the deck - and review the approach to Bespoke 1 and 2 work	N/A	Board approved customer engagement plan
ML	The Board reviewed the proposed Board assurance programme, requesting that management ensure appropriate balances is provided across various internal and external assurance providers - and that all aspects of expected Board assurance are covered	Management reviewed with the Board the split of internal and external assurance work, noting the key risk and overly technical areas of the plan that would require external assurances - such as NERA on financing - and the overall role of PA Consulting in the overall Board assurance work	Board review and challenge allowed specific focus in the final BP of key areas of assurance that the Board wished to be addressed - financeability and functioning of the value framework in particular	Board approved overall assurance plan



Figure 10: Board Meeting Nov 22

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
DS	Board requested that management provide further detail on value framework, including measures of risk and success, implementation plans etc	Management reviewed value framework options, including the proposed criteria to be used and the potential use of Copperleaf systems solution to drive value framework decisions	Board review and challenge allowed management to implement a more systemised value framework	Board approved management's approach to the value framework and use of Copperleaf as systemised solution
ML	ML asked that management provide clarity on Ofwat's approach to power pricing matters	Management provided a view on expected approach to power pricing, including the potential need for incorporation in cost adjustment claims	Influenced incorporation of pricing matters into cost adjustment claims and RPE uncertainty mechanism	N/A
ML	Provide further information on Bespoke 2 plans for customer engagement	Further detail provided in terms of Bespoke 2 detail in Dec 2022 meeting	N/A	N/A
DS	Ensure that SESW's ambition on "lead" properly considered in value framework	Yes - lead replacement matters considered in our value framework assessments - and in future enhancement cases	Board review ensured a more detailed lead enhancement claim was eventually submitted in the BP	N/A
JW	Ensure Bespoke 2 considers appropriately smart metering choices for customer, especially given potential opposition in this area	incorporated into March 2023 customer engagement	N/A	N/A
ML	Board questions how to establish the boundary between base vs enhancement	Detail provided by CEPA on alignment of base and enhancement expenditure - and work to be performed on "what base buys"	N/A	N/A
Board	Board reviewed the proposed Bespoke PC (softening) and the expected common PCs for PR24, challenging management to ensure no further bespoke PC related to SESW's operational and financial positions were required	Management confirmed their process for determining the single softening bespoke PC - and the expected use of PCDs to manage ECs when submitted	Board challenged management with respect to other potential Bespoke PCs - such as debt related commitments - and eventually ensured only a single bespoke PC was submitted	Board approved the Company's softening Bespoke PC and the Common PCs - pending final methodology from Ofwat
JW	Ensure retail plans consider cost allocation matters in final modelling	Update provided in Dec 22 Board	N/A	N/A
Board	The Board reviewed the proposed areas for "choices" and associated spend by management, challenging on the split between base and enhancements, the ambition on the proposed choices and overall efficiency considerations	Management explaining the initial set of choices, especially the need for ECs aligned to our proposed ambitions and priorities	Board review and challenges ensure an alignment of key choices with base and enhancement claims	Board approved initial list of key initiatives and associated base/enhancement cases



Figure 11: Board Meeting Dec 22

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
All	Final Methodology - Update on key aspects of Final Methodology provided to Board with discussion around PC's, ODI's, Risk and Return and timetable update	Management reviewed these key aspects of the FM with the Board - noting early views of responses	N/A	N/A
TC	Final Methodology - Given proposed WACC, Small Company debt premium should be targeted for BP	Small Company Premium to be added to the claims to be raised for submission	Board review affirmed management's position to include a SCP in the submission	Board approved SCP claim to be incorporated into BP subject to customer feedback
ML	Final Methodology - Need to understand key aspects of methodology that will make or break the submission	CEPA produced a detailed guidance document to assist chapter authors to meeting Ofwat requirements	Board's direct request to ensure explicit adherence to Ofwat guidelines resulted in these formal checklists being implemented	N/A
ML	The Board challenged where the Final Methodology would impact overall Board assurance plans	Management confirmed that nothing from the Final Methodology would impact overall approved assurance plans, with PA Consulting engaged to assist with Board assurance requirements	N/A	Board approved that management continue with proposed assurance plan
JW	The Board raised concern over volume of work required and stretching timelines as detailed in the Final Methodology and asked that management confirm the resources in place to meet the plan	Additional resources engaged through CEPA, BRG to assist in the preparation of LTDS and BP.	Board's direct intervention enabled management to recruit further resources to aid PR24 completion	N/A
All	The Board reviewed the draft outline of the Ofwat LTDS Development Meeting - and challenged management to ensure that the key LTDS matters on ambition, engagement of our customer and employees and Bespoke scenarios - were properly articulated	Management noted the updated presentation materials incorporated the above matters - ahead of the presentation to Ofwat in January 2023	N/A	Board approved management's presentation to Ofwat re LTDS
	The Board - while approving in principle the use of a value framework and Copperleaf in previous meetings - reviewed in detail with management the plan of implementation of the Copperleaf Solution with benefits. Challenge was provided to management on the Copperleaf optioneering abilities, overall costings matters and water-sector specific background	Board approved use of the new solution and update to be provided at SC and Feb Board	N/A	Board approved the implementation plan associated with Copperleaf and management's overall plans for the value framework
ML	The Board challenged heavily management's initial Retail Plan as provided in the deck - requesting that a deep dive on Retail to be held with IC, ML to understand future efficiency risks on PR24 plan	Deep Dive held in Feb 23 to outline key changes required to improve Retail efficiency, some of which will be used in APR23.	Subsequent deepdive with Board ensured that management focused on ensuring appropriate levels of efficiency were incorporated into the plan	N/A



Figure 12: Board Meeting Feb 23

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
All	The Board reviewed in detail the Smart Metering options provided in the deck - challenging benefits, time and costs - and initial customer feedback. -Board consensus is to go for faster programme rollout (7 years)	Programme to progress on agreed basis	Board considered and challenged on short vs longer term implementation periods, affirming management's views on swifter roll out	Board approved implementation of 7 year smart metering programme
All	Smart Metering - Board requested management to make sure that the data platform options are not prohibitive to the programme, and look to share platforms where sensible.	Data strategy is also being worked on and will incorporate SM delivery options	N/A	N/A
All	Smart Metering - the Board emphasised the need to develop roadmap for SM programme and include supplier options, equipment selection, etc	Full SM strategy is being developed within wholesale strategy teams and will include full end to end programme options	N/A	N/A
All	Leakage - after review of material in the deck, and challenge around pace of delivery and consideration of customer feedback to date, the Board agreed that "Fast Start to 50%" option is preferred.	Programme to progress on agreed basis	N/A	Board approved implementation of fast track leakage programme as detailed in the deck
JW	Lead - Board noted the need to include a Lead strategy section in the BP	Agreed and to be included	N/A	N/A
JW	Lead - How does our Lead strategy compare to other companies and is DWI supportive of our approach	Wholesale team to evaluate SES programme against other water companies, and report back to Board	N/A	N/A
All	Lead - based on the materials in the deck and the discussion above, the Board agreed to continue BAU lead replacement work and target enhancement spend on schools and most vulnerable customers	Programme to progress on agreed basis	N/A	Board approved implementation in PR24 of the lead replacement programme as detailed opposite
DS, ML	Softening - The Board requested a separate deep dive on softening - and options for future activities and costing - before concluding on implementation strategy	Softening deep dive to be reviewed with board in future months	Subsequent Board session on softening allowed a deeper understand of softening costs and requirements in the BP, leading to development of the softening claim and proposed works at Kenley	N/A
Board	Board challenged management to re-schedule PR24 BP and LTDS programme up to Oct 2023 given additional work to be performed to assess above key choices	Management updated and reviewed revised schedule with the Board	N/A	Board approved updated programme schedule



Figure 13: Board Meeting Mar 23

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
Murray L	Board challenged to ensure that we have a schedule for NED involvement in workstreams and plan production	NED alignment to PR24 workstreams presented to Board in May 23	N/A	N/A
Tom K	WRMP plan - Need to include CSP/ESP involvement and dWRMP response work onto detailed plans and republish to Board and Team	CSP / ESP feedback integrated into production plan to ensure alignment ahead of final August 23 submission	Board's review and challenge ensuring alignment of ESP/CSP with dWRMP and provided another layer of review in this area	N/A
Murray L	YWYS planning - Should we ask customers to prioritise across outcomes and themes to gauge what is more important to customers instead of just which solutions within a theme they prefer	YWYS consultation is prescribed and facilitated by Ofwat, so need to follow the guidance rules, but through Bespoke research will ensure that customer priorities are clearly captured	N/A	N/A
Jon W	YWYS planning - Look at changing bill impacts to pence per day rather than annual figures	Where guidance allows will integrate into presentation. Follow similar format for Annual Performance report where charts are used to explain where your money is spent per day	N/A	N/A
Jon W	YWYS planning - Lead needs to have more explanation as to why we have asked customer about priorities.	Incorporated into presentation and consultation materials	N/A	N/A
Jon W	YWYS planning - What have we done to engage the south London demographic v's just say Surrey customers. Need to be able to prove we have considered all our customer base	Ensure that regional and demographic variety is captured in research quotas as prescribed by methodology	Board's consideration of YWYS ensured that both Board and management were aligned on priorities to discuss with customers	N/A
Dave S	YWYS planning - How do we ensure the discussion stays on PR24 and not about general questions about ownership / Exec pay, etc	Ofwat independent facility has control of discussion. SES to push customers to provide questions / concerns in advance of sessions to help steer feedback sessions.	N/A	N/A
Colm G	YWYS planning - Should we consider having advocates in the sessions to make sure that key content is covered via questions	Work with facilitator to ensure key topics are covered that are relevant to SES and not wider industry complaints	N/A	Based on the discussion and challenge points noted in this summary, and the materials in the associated deck, the Board approved the YWYS documents, noting that JW would attend the meeting as the NED representative
All	Can we forward to the Board all the relevant feedback we have received on the WRMP (Natural England, EA, etc)	Board to review consultation feedback ahead of final submission in August 23	N/A	N/A
Murray L	Ensure we have aligned plans to LTDS and BP for the dWRMP response	LTDS and BP development plans confirmed to be aligned and WRMP will directly feed into LTDS from both costs and benefits perspective. WRMP programme fed into Copperleaf to ensure alignment	NA	NA
Ian C	Can we be clear on what constitutes and material change to the plan that would trigger a consultation	TNK to investigate with WRSE and advise accordingly	NA	N/A



Figure 14: Board Meeting May 23

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
ML	The Board challenged management on how current proposed totex programme fits in the Financial modelling and resilience context	Initial modelling presented to ML and IC on 22nd May with further sessions set up through Summer	Separate deepdives on financial modelling and financial resilience with ML allowed for a more detailed and focused Financing section in the plan, with a specific focus on RORE downsides	N/A
ML	Understand our asset health metrics and are we sitting on backlog of work that we have been funded for in AMP7	TK provided update regarding current position and forecast for balance of AMP7	N/A	N/A
DS	The Board reviewed and challenged management on the proposed cost adjustment claims provided in the deck. Following a separate softening deep dive with the Board, softening CAC was approved	Management reviewed in detail the base cost modelling analysis performed to date and the "bridge" via cost adjustment claims given the Ofwat base cost modelling reviewed to date	N/A	The Board approved the proposed Cost Adjustment claims as detailed in the deck, with the addition of regional labour claim - and the associated letter and detail to be provided to Ofwat
DS	Following a detailed review of the latest customer research results, the Board challenged how do we ensure that customer feedback from research is aligned to our plan and what have we changed accordingly	Customer research feedback sessions to be held with PR24 team and Board to ensure plan alignment. The BP chapters will also link the customer feedback to outcomes	N/A	N/A



Figure 15: Board Meeting Jun 23

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
ML, DS	Include more comparison charts in relation to investment spend / performance, etc to show our track record	Feedback taken into account for authors of the relevant chapters and included as part of draft chapters for Board review in August	N/A	N/A
DS	Need to better understand affordability of programme and impacts on customer bills	Separate sessions to be held with ML and then full board to understand the Bill impacts once finalised. This to include comparison to customer research and A&A testing	Board's review ensured that appropriate bill profiles were concluded with management and all customer research was duly considered	N/A
DS	How are we showing to Ofwat that we can deliver such a step up in investment programme - answer the deliverability concern.	The "Making it Happen" chapter will focus on the deliverability aspect of the plan to give Board confidence that plan can be delivered	N/A	N/A
DS	How is plan addressing key concerns on the company risk register and should risk register be updated for some of the PR24 programme items	Risk register was consulted during the development of the plan and initial ambition development. A further check to be completed against Risk Register prior to submission to ensure alignment	N/A	N/A
DS,RW	Board need to understand the impacts of WRMP and if our proposed bulk supply agreements means that our customers are more likely to see water restrictions compared to now	WRMP will be presented at the July Board and separate deep dive with RW before submission	Subsequent RW review allowed specific Board interaction and challenge on the dWRMP	N/A
DS	PCC looks too ambitious for the rest of AMP7, and how do we reset AMP8 if current PCC targets are not met	To be reviewed by the team and presented back to Board in July.	A subsequent separate PCC deepdive allowed the Board to challenge this outcome and glidepath, ensure that management's plans were aligned to achieve this outcome and therefore provide a more robust explanation in the BP	N/A
ML	What is the cost adjustment claim assurance process, need to understand before final submission	Cost Adjustment Claims are being prepared by wholesale team with assistance from CEPA. Motts will further review the CAC before submission	N/A	N/A



Figure 16: Board Meeting Jul 23

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
ML	The Board asked to see further info on Asset Health Metrics	TK explained how asset health had been incorporated into the underlying investment requirements which have shaped the plan	N/A	N/A
DS	The use of Frontier Shift terminology in documents is not clear to the common reader	Red Review planned for all documents so will focus on making sure that terminology used makes sense to reader.	A more thorough consideration of frontier shift efficiency was achieved by the Board through this session, with a 1%OE therefore approved by the Board	Board approved a 1% ongoing efficiency challenge to be incorporated in the BP
DS	Can we quantify our ambition in simpler terms	Executive Summary of plan to set out ambition in simple terms and will be reviewed as part of Red review	Through the Board's challenge, a more direct and exacting ambition statement - which drives business priorities and initiatives - was developed and documented	N/A
RW, JW	The Board challenged the level of PCC ambition in the plan, and the initiatives underpinning its delivery	Separate PCC Deep dive session held with Board to improve understanding	Through the separate PCC deep dive session, management addressed the Board's challenge on PCC delivery, explained the linkage to our dWRMP and reviewed the balance of demand and supply led initiatives	Together with the review of other outcomes and associated glidepaths, the Board approved the outcomes, glidepaths and associated ODIs for PR24 and - where relevant - LTDS
ML	Have we sufficiently captured and explained the choices we did not progress with	Will be captured in the write ups, specifically in the larger enhancement cases where choices were made	N/A	N/A
DS	The Board challenged management on outcomes and glidepaths to ensure the balance of ambition vs practical implementation was appropriately balanced.	Separate Deep dive sessions to be held to provide Board confidence in current ambition targets	N/A	See above re management approval of outcomes and glidepaths
SC, JW	Need to see better view of customer evidence trail for support of the plan	The customer chapter will be supported by the customer insight work that has been undertaken to provide a clear story of the customer input into the plan	N/A	N/A



Figure 17: Board Meeting 15 Sept 23

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
ML	Need to improve deliverability section to beef up confidence in BP & Board Assurance	Chapter to be revised with additional Board member reviews prior to submission	N/A	N/A
RW	Smart Metering comment about struggles TW have had should be removed as might create negative view of our Fast Start approach	DL - to add in deliverability comments for SM into chapter	N/A	N/A
RW / ML	Financeability - Are we managing shareholder expectations for Debt & Equity requirements re Sale. Make sure that we include commentary in relation to the sale	Final financing chapter and requirements have been shared with shareholder to outline additional funding requirements to deliver plan.	Final BP outlines equity and debt requirements, including expected equity injections from shareholder.	Board approved financial assumptions embedded in plan, including equity and debt requirements
WR / JW	Bills - Think we should be looking at the 20% 24/25 bill increase instead of the 15%	Confirmed with DS post meeting and he also agreed that we should assume 20% increase. Financial modelling now changed to assume 20% bill increase in 24/24.	Change amended AMP7 outturn which flows into AMP8 in relation to bills and affordability comparisons	Board approved 20% bill increase assumption for 2024/25 instead of 15%
ML	Bills - we should smooth the year 1 increase out into years 2-5 and have inflation + for customers and lesson the Yr 1 increase	Modelling to be reviewed to adjust PAYG levers to smooth bill further without impacting financability metrics.	Follow up sessions held with ML and IC to review options. Final option presented to 27 Sept Board	Board approved final bill profile at 27 Sept Board
ML	Bills - Need to understand the Bespoke 2 journey into bill options for the Board Assurance statement so we understand what choices we have presented to customers and how our plan has been adopted to suit	ML provided with Chapter 9 - Affordability which outlines bill options journey through Bespoke 2 and Affordability and Acceptability testing	N/A	N/A
ML	Assurance - DO we have an assurance report on the Copperleaf process	NH to share the Motts report which covered the Copperleaf process	N/A	N/A
ML	Assurance - ML wants to understand what we have done on Asset Health as feels this has not been surfaced sufficiently at Board	Appendix SES052 - Pioneer Modelling to be shared with Board pre submission which outlines the Asset Health management process which we have followed for PR24.	N/A	N/A
Anthony L	Does the Board require a separate session to run through the detailed Board Assurance report before submission	Board assurance to feature at final approval board on 27 Sept following circulation of the chapter to Board	N/A	N/A
JW	JW confirmed he has been taken through the PCC assumptions and is happy with the PCL target.	N/A	N/A	N/A



Figure 18: Board Meeting 27 Sept 23

Raised By	Board comments/question	Management response	Impact on final BP submitted	Specific Board approval matters
ML	Exec Sum - Need to ensure that Exec Summary has a suitable comment in relation to Project Wentworth	Exec Summary updated to include more specific reference and commentary of Project Wentworth process and impacts	N/A	N/A
RW	Exec Sum - have we captured future bill payers impact on affordability	Both Affordability and Exec Sum have been updated to provide greater clarity on future bill payer affordability, including the financial levers we have used to maintain consistency in long term bill profiles	N/A	N/A
ML	Affordability - ML discussed the desire to have more smoother bill profile for AMP8 but financing restrictions limited what we could do. Felt that final bill profile provides best balance for customers and company	None Required	N/A	Board approved final Bill profile as part of Financing and Affordability chapters reviewed in Board
DS	Affordability - DS expressed support for final bill profiles.	None Required	N/A	N/A
ML	Affordability - ML would like to review final LTDS bill impacts.	ST provided ML with update to LTDS bill profile post meeting comparing the 2 methodologies we had used (Ofwat specific LTDS bill calc v's normal tariff setting process). No further input required	N/A	N/A
ML	Price Control Deliverables (PCD) - ML asked had we pitched the penalties at the right level to provide balance of risk and return for the company	PT answered in meeting and further evidence would be provided in the PCD Appendix once finalised	PCD included as part of the final submission	Board provided ML & PK with delegated approval for sign off of final PCD
RW	Enhancement - Commented that some wording in chapters suggested that enhancement spend was actually describing base spend.	Final review of chapters to pick up wording to remove suggestions that enhancement was actually base expenditure	N/A	N/A
Motts	Assurance - Andrew from Motts suggested that we should anticipate what errors / questions we might get from Ofwat and rework ahead of time given small window of Ofwat query turnaround	BP snagging list has been set up to capture areas that may need more work post submission and will be managed at weekly internal meetings post submission	N/A	N/A
ML	Assurance - ML asked that we clarify the comment regarding compliance with Government Strategies in the Assurance chapter	Wording to be review and examples given (eg Net Zero by 2050, Industry Leakage by 2050, etc	N/A	N/A

