

SES Water
Minutes of a Meeting of the Board Meeting
Wednesday 7 February 2024

Held at Wotton House Hotel, Guildford Road, Wotton, Surrey RH5 6HS
commencing at 11.15 hours

Present:	D Shemmans	DS	(Chair)
	M Legg	ML	
	R Wiles	RW	
	I Cain	IC	
	P Kerr	PK	

In attendance:	N Houlahan	NH
	T Kelly	TK
	D Lamb	DL
	D Goodwin	DG
	S Brown	SB
	E Prince	EP
	L Taylor	LT

Absent:	J Woods	JW
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2024 Project Wentworth update

IC and PK reviewed with the Board the accompanying presentation that updated on Project Wentworth following completion of the sale to Pennon on 10 January 2024:

- The overall positive responses from internal and external parties following announcement of the sales transaction, including employee, financial institutions, Ofwat, credit agencies and debt holders
- A summary of the limited interactions to date with Pennon – under the Initial Enforcement Order (IEO) of the CMA
- A review of the key components of the IEO, together with the derogations submitted to date to the CMA.
- A summary of the CMA compliance processes and the expected financial year-end reporting matters for Pennon

2024 1. Declaration of Interests

DS reminded the Board to continue to update PK of any changes to the register of directors' interests.

2024 2. Minutes of Previous Meetings (including website minutes)

The minutes of the meetings held on 22 November 2023 were agreed and signed by the Chair, with summarised Board minutes approved for publication on website.

2024 3. Matters Arising including rolling Board agenda

PK reviewed the matters arising with the Board, noting in particular:

- Financing matters - Finalisation of key financing matters associated with the Private Placement (PP) transaction
- Reservoir cleaning programme – TK noted that a written update would be provided for the March Board meeting on this programme, but steady progress is being made following the structural changes in the production team
- DWI update – NH reviewed the accompanying DWI/Water Quality paper with the Board, reviewing year-end CRI/ERI compliance, water quality contact status, and the status of DWI audits. Overall DS noted another very positive year with respect to Water Quality within the Company

2024 4. **Board Committee Reports**

Health, Safety & Wellbeing Committee

RW provided an update from the recent HSW Committee, noting:

- The consistent high quality of PHEWs collected by the Company
- The series of health checks being provided by the Company to all employees and the excellent uptake
- The discussion in the Committee of the high levels of stress within the organization, with further discussions to take place to look at means to address core concerns around resources, uncertainty with respect to job security and level of external demands on the Company

ESG Committee

PK provided an update from the recent ESG Committee, noting:

- The focus on year-end reporting matters within a proportionate envelope for the Company
- The alignment of ESH Strategy to PR24 matters

2024 5. **2024/25 Budget**

EP and PK reviewed with the Board the budget as detailed in the accompanying pack, noting:

- The overall budgeted revenue in line with the 2024/25 tariff model and allowed revenue allowances from Ofwat
- A detailed review of operating cost analyses, with a focus on movements from prior year, key run-rate matters, and expectations on areas of reduced expenditure (such as PR24)
- A review of the levels of risk contingencies included in the 2024/25 budget, including a provision for reduced cash collection, a contingency for increase bad debt provision and related capex contingencies
- Following questions from the Board, EP confirmed that the covenants under the index linked bond would be met, with further equity – in line with the recently submitted business plan – of £5m and £10m included for March 2024 and March 2025
- An overall view of expected funding requirements for 2024/25, with improved liquidity following the PP completion in December 2023 and the above noted equity injections

DS noted that the above was an appropriate position to take as a Board and therefore manage the coming year (and delivery of associated performance commitments) within the Company's financial envelope.

The Board approved the budget with the exception of the capex programme. At the request of the Board, EP confirmed that a re-cut capex programme would be presented at the March 2024 Board – including a risk/implications table as requested by ML.

ML also requested that a covering note be prepared and presented to Pennon (as part of the normal financial reporting allowed under CMA derogation) to summarize Q3RF 2024 and 2025 budget as concluded by the Board.

2024 6. Regulatory and Performance update

IC reviewed the year-to-date performance as detailed in the accompanying Board performance pack, noting:

- The positive position on water resources, water quality and leakage performance commitments
- SB reviewed the status of the overall workforce performance reviews and pension workshops, noting also the ongoing pay deal discussion which would be reviewed at the March 2024 Remco
- TK summarized the recent production restructuring work completed, status of WRMP revised plan and ongoing rate and workload discussions with Clancy.
- DG provided an update on Customer related SLs, noting focus areas of annual billing, cash collection, GSS matters and overall KPIs for customer. ML noted the need to revisit GSS matters at the March 2024 Audit Committee

2024 7. Any other business

None noted

2024 8. Date of Next Meeting

Wednesday 27 March 2024

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(Chair)