

# Accountable Water Independent Customer Scrutiny Committee

## Terms of Reference

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#### Accountable Water - Independent Customer Scrutiny Committee

#### 1. Purpose

The Accountable Water Independent Customer Scrutiny committee exists to provide robust, **external, and independent scrutiny** of Southern Water's performance, priorities, and long-term planning from the perspective of customers. The Committee will function as a critical friend, providing robust scrutiny while also acknowledging and supporting improvements made by the company.

The Committee focuses on how customer needs and values are reflected in the delivery of services, investment decisions, and strategic planning. This will ensure that the company is held publicly accountable for delivering outcomes that reflect the needs of customers today and in the future.

#### 2. Objectives

The Committee will:

- Provide a forum for scrutiny and challenge, holding the Board Chair, CEO, Directors, and Officers of Southern Water accountable for their decisions and actions.
- Recognise and support improvements, acknowledging progress while ensuring that further changes meet public and regulatory expectations.
- Engage with customers and communities, particularly those impacted by incidents, to bring real-life experiences into decision-making.
- Monitor Southern Water's compliance with environmental, financial, and service delivery standards set by Ofwat, the Environment Agency, and other regulators.
- Assess the company's emergency response and compensation policies for affected customers.
- Ensure accountability of UK water regulators, calling them to account when necessary.
- Encourage a culture of openness and collaboration between Southern Water, customers, regulators, local authorities, and other stakeholders.
- Ensure that the long-term interests of customers — particularly vulnerable and hard-to-reach groups — are embedded in strategic and operational decision-making.
- Provide independent, transparent reporting that enhances trust and confidence in the company's performance.

#### 3. Scope

The independent scrutiny includes:

- Performance delivery across service areas including supply reliability, leakage, customer satisfaction, and environmental protection.

# Accountable Water Independent Customer Scrutiny Committee Terms of Reference

- Business planning during price reviews and beyond, with a focus on customer impact.
- Affordability and vulnerability support measures, ensuring fairness for all customers.
- Resilience and sustainability, including climate adaptation, water efficiency, and innovation.
- Corporate accountability in delivering outcomes and commitments made to customers and regulators.
- The committee is strictly non-political and will operate independently of any political influence.
- Discussions and decisions will focus on Southern Water's operations, regulatory compliance, and service improvements, free from political bias.

## 4. Independence and Governance

The committee is:

- Entirely independent from Southern Water's governance, management, and operational decision-making.
- Led by an independent Chair, with no executive ties to the company.
- Empowered to set its own agenda, priorities, and outputs without company interference.
- Entitled to request and receive unrestricted access to data, documentation, and senior decision-makers.

The company provides logistical and administrative support but has no influence over the ICSC's positions, publications, or membership.

## 5. Membership

The committee is chaired by an independent leader with a strong track record in public interest, governance, or utility regulation. Members are selected for their **expertise, independence, and regional insight**, across areas such as:

- Environment and sustainability
- Consumer advocacy and affordability
- Infrastructure and public services
- Local and regional representation

Members serve in a personal, non-representative capacity, and must declare any conflicts of interest. Membership decisions are made independently of the company, through open and transparent appointment processes. Membership decisions will be based solely on expertise, experience, and commitment to transparency and accountability.

## 6. Chair's Role and Responsibilities

The Chair of the committee has been appointed and will lead the scrutiny process, ensuring that Southern Water's Board, CEO, and Directors engage transparently. The Chair will oversee ICSC meetings, direct investigations, and be responsible for publishing committee annual reports.

## **Accountable Water Independent Customer Scrutiny Committee Terms of Reference**

The Chair may also assist the CEO in scrutiny sessions with council members and at community town hall events, ensuring that these sessions are conducted fairly and effectively.

The Chair's role in these sessions will include:

- Facilitating discussions between Southern Water representatives, customers, and stakeholders.
- Ensuring all voices are heard fairly, including concerns from local communities.
- Maintaining a balanced and constructive dialogue between the company and its stakeholders.
- Providing independent oversight to ensure transparency and fairness in these public engagements.

### **7. Transparency and Working Methods**

- The committee meets at least quarterly, with additional meetings or sub-groups convened as required.
- All formal meetings will be live streamed, with recordings, agendas, and summary notes published to ensure public transparency.
- Meeting content will be accessible to the general public, with exceptions made only for commercially sensitive or confidential personal information.
- The committee has direct access to Southern Water's Board and Executive Leadership and may raise concerns or strategic challenges at the highest level without mediation.
- The Chair may request dedicated sessions with the Board or Executive Team at any time and may attend Board meetings where relevant customer issues are discussed.

### **8. Scrutiny of Water Regulators**

The committee will have the power to request the attendance of water regulators when necessary.

- Regulators will not be members of the committee but will be asked to attend scrutiny sessions when invited.
- An annual regulatory scrutiny meeting will be held, where the committee will examine the performance of regulators in overseeing Southern Water.
- The committee will assess whether regulators are effectively enforcing their duties and protecting customer interests.
- Reports from these meetings will be made publicly available, ensuring transparency in the regulatory process.

# Accountable Water Independent Customer Scrutiny Committee Terms of Reference

## 9. Reporting and Public Accountability

The committee publishes an annual independent report, documenting its activities, findings, and challenges raised.

- During regulatory price reviews, the committee will submit a formal, standalone report to Ofwat (or the new regulatory body when established), reflecting its independent view on customer outcomes and company delivery.
- All reports and recommendations are published independently and publicly.
- Southern Water is expected to respond in writing to all committee findings, with clear explanations of how issues raised have been addressed.
- The committee may issue additional public updates, statements, or reports on emerging issues relevant to customers in the Southeast.

## 10. Good Governance Principles

The committee will operate in line with **best governance practices**, ensuring:

- Integrity and Independence – Members will act impartially, declare conflicts of interest, and uphold high ethical standards.
- Accountability and Transparency – Meetings will be open to public scrutiny, and all findings and recommendations will be published.
- Evidence-Based Decision-Making – Recommendations will be grounded in data, customer testimonies, and regulatory insights.
- Stakeholder Engagement – The committee will actively seek input from customers, community groups, and environmental organisations.
- Continuous Improvement – The committee will review its effectiveness annually, ensuring it remains relevant and impactful.

## 11. Review of Terms of Reference

These Terms of Reference are owned and maintained by the committee.

They will be reviewed annually by the Committee itself to ensure continued independence, relevance, and alignment with customer and regulatory expectations.

**Adopted on: Friday 15<sup>th</sup> August 2025**

**Next Review Date: August 2026**