



# Independent Customer Scrutiny Committee

12 January 2026

## Summary

### **Attendees:**

**Committee:** Dan MacDonald (Chair), Michael Turner, Jacqueline Cale, Jayesh Patel, Hazel Browne

**Southern Water:** Keith Lough (Chairman), Will Price (Non-Executive Director of Board and Partner at Macquarie), Nick Eves (Head of Customer Strategy, Insight and Performance), Laura Scott (Strategic Engagement Adviser and Committee Secretariat)

### **1. Welcome & introductions**

- Dan MacDonald chaired the meeting and welcomed Keith Lough and Will Price for a focused discussion on board leadership, shareholder stewardship, performance, and scrutiny.

### **2. Apologies of absence**

- None.

### **3. Declarations of interest**

- None.

### **4. Q&A**

#### **Key discussion points:**

- **Environmental performance & pollution Control**
  - Committee challenged Southern Water on pollution incidents and penalties.
  - Southern Water outlined proactive maintenance and investment in sensors; Macquarie reported a 30% reduction in pollution incidents over three years.
  - Commitment to regular progress updates and clearer communication to customers.
- **Customer service performance**
  - Concerns raised about missed targets and offshoring.
  - Southern Water is empowering staff, reducing complaint backlogs, and improving first-time resolution.
  - Focus on contacting customers directly before issues appear on social media; customers urged to update contact details.

- **Financial resilience**
  - Committee asked about stability without Macquarie’s support.
  - Macquarie’s £2.5bn equity is fully committed; no dividends paid, all returns reinvested.
  - Largest-ever investment programme underway for compliance and upgrades.
- **Governance & Board accountability**
  - Committee questioned governance effectiveness.
  - Southern Water described cultural and structural changes, improved board alignment, and root cause analysis.
  - Independent reviews show progress; succession planning and independent challenge discussed.
  - Lawrence credited for turnaround plan and transparency.
- **Customer bills**
  - Chair raised concerns about rising bills and historic underinvestment.
  - Southern Water explained investment is needed to meet standards; customers not paying twice.
  - Ongoing support for vulnerable customers.
- **Committee effectiveness & next steps**
  - Chair asked what Southern Water and Macquarie want from the committee.
  - Both value robust challenge, transparency, and the committee’s independent perspective.
- **Culture & staff welfare**
  - Committee raised staff abuse concerns; Southern Water condemned such behavior
  - Keith Lough invited public to engage directly in constructive dialogue, stressing staff should feel respected and safe.

## 5. Next meeting

- 2 April 2026 – Focus on wastewater management, storm overflows, and pollution.

## 6. AOB / Close

- No further business. The Chair thanked attendees for constructive engagement.

### Action points:

- Southern Water to explore more effective ways of communicating positive progress on pollution reduction to customers, ensuring that key achievements and improvements are clearly and proactively shared through appropriate channels.
- Southern Water to strengthen their proactive communication during incidents, ensuring early, clear updates to customers, in particular the assistance available for vulnerable households.
- Southern Water to continue transparent communication with customers regarding the reasons for bill increases and how funds are being invested.
- Southern Water to maintain and expand support for vulnerable customers, ensuring that assistance is accessible and well-publicised.
- Southern Water to continue their transparency around independent governance reviews and Board accountability processes.
- Southern Water to continue strengthening measures that protect staff from abuse and promote constructive dialogue with customers and communities.

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## Full meeting minutes

Committee	Attendee	Apologies
Independent Chair	Dan MacDonald (DM)	
Independent member	Michael Turner (MT)	
Independent member	Jacqueline Cale (JC)	
Independent member	Jayesh Patel (JP)	
Independent member	Hazel Browne (HB)	
Southern Water	Attendee	Apologies
Chairman	Keith Lough (KL)	
Non- Executive Director, Macquarie	Will Price (WP)	
Head of Customer Strategy, Insight & Performance	Nick Eves (NE)	
Strategic Engagement Advisor & Committee Secretariat	Laura Scott (LS)	

No.	Minute
<b>1</b>	<b>Welcome / Introductions</b>
1.1	Dan MacDonald (Independent Chair) chaired the meeting.
1.2	Attendees introduced themselves, highlighting their professional background and relevant expertise.
<b>2</b>	<b>Apologies of absence</b>
2.1	No apologies were received.
<b>3</b>	<b>Declarations of interest</b>
3.1	No declarations of interest were made.
<b>4</b>	<b>Chair update</b>
4.1	<ul style="list-style-type: none"><li>DM welcomed guests Keith Lough (Chairman, Southern Water) and Will Price (Non Executive Director, Macquarie) for this special session focused on board leadership, shareholder stewardship, and scrutiny.</li><li>Emphasised the importance of transparency and independence in the committee's work.</li></ul>

	<ul style="list-style-type: none"> <li>Noted that public trust in the water sector remains fragile, with customers facing rising bills and ongoing concerns about pollution and service failures.</li> </ul>
<b>5</b>	<b>Environmental performance &amp; pollution control</b>
5.1	<p><b>Key discussion points:</b></p> <ul style="list-style-type: none"> <li><b>Committee questioned the board on the rise in pollution incidents and the imposition of maximum regulatory penalties.</b> <ul style="list-style-type: none"> <li>KL acknowledged that Southern Water continues to face significant challenges in reducing pollution levels and emphasised the company's ongoing commitment to addressing these issues through targeted improvement plans and sustained investment.</li> <li>KL described the company's transition from a reactive to a proactive maintenance approach, highlighting significant investment in network sensors and data-driven strategies to identify and address system vulnerabilities.</li> <li>WP confirmed that pollution reduction remains a key priority for Macquarie, noting a 30% reduction in incidents over the past three years, despite an overall increase across the industry.</li> </ul> </li> <li><b>The committee pressed for clarity on when customers would see permanent, verifiable reductions in sewage discharges.</b> <ul style="list-style-type: none"> <li>WP reiterated the 30% reduction in pollution incidents, explaining that this progress was achieved even as severe weather contributed to higher figures elsewhere in the sector. He stressed that, while improvements are evident, he is aware further work is needed to meet regulatory targets and customer expectations.</li> <li>KL highlighted the importance of delivering tangible improvements that customers can recognise and trust, and confirmed that Southern Water will continue to publish regular data and progress updates.</li> <li>Both KL and WP assured the committee of their confidence in achieving further reductions, with the goal of delivering permanent, verifiable improvements as swiftly as possible.</li> </ul> </li> </ul> <p><b>Actions agreed:</b></p> <ul style="list-style-type: none"> <li>Southern Water to explore more effective ways of communicating positive progress on pollution reduction to customers, ensuring that key achievements and improvements are clearly and proactively shared through appropriate channels.</li> </ul>
<b>6</b>	<b>Customer service performance</b>
6.1	<p><b>Key discussion points:</b></p> <ul style="list-style-type: none"> <li><b>Committee highlighted that only a minority of customer performance targets were met last year, with concerns over worsening performance and the impact of offshoring customer service.</b> <ul style="list-style-type: none"> <li>KL admitted the timing of offshoring changes coincided poorly with bill increases, causing additional customer frustration.</li> <li>He outlined ongoing efforts to streamline processes and empower frontline staff to resolve issues promptly, thereby minimising the need for repeat contacts and ensuring a better customer experience.</li> </ul> </li> </ul>

- He highlighted significant progress in reducing the volume of outstanding complaints and highlighted the introduction of new performance metrics to monitor and drive further improvements.
- WP described a three-pronged approach to customer service: operational delivery, customer contact quality, and reputation management.
- **A key focus of the discussion was on proactive communication with customers, particularly during incidents or service interruptions.**
  - KL emphasised its commitment to contacting affected customers directly—ideally before they learn about issues through social media or other external channels. The importance of maintaining accurate and up-to-date customer contact details, especially mobile phone numbers, was stressed. The company encouraged all customers who have not yet provided their current contact information to do so, as this enables Southern Water to deliver timely updates and support when needed.
  - These initiatives are part of a broader strategy to build trust, improve transparency, and ensure that customers feel informed and supported throughout their interactions with Southern Water.

**Actions agreed:**

- Southern Water to strengthen their proactive communication during incidents, ensuring early, clear updates to customers, in particular the assistance available for vulnerable households.

**7 Financial resilience**

**7.1 Key discussion points:**

- **Committee queried the company’s financial resilience without continued shareholder support.**
  - WP noted that Southern Water’s financial resilience has been significantly strengthened through substantial equity injections from Macquarie, totalling £2.5bn since 2021.
  - He emphasised that no dividends have been paid since Macquarie’s investment, and will not be taking any in the period to 2030.
  - KL and WP provided reassurance that the equity funding from Macquarie is fully committed and will not be reduced. They emphasised that the investment programme has been carefully planned and agreed upon, with the necessary funding secured to deliver the company’s regulatory and operational commitments over the coming years. This commitment is intended to ensure the financial resilience of Southern Water and the successful delivery of ongoing improvement projects, regardless of future market conditions.
- **Committee discussed the scale of investment required for environmental compliance and infrastructure upgrades.**
  - KL and WP outlined that the scale of these investments is driven by a combination of regulatory requirements, the need to improve environmental outcomes, and the necessity to ensure long-term resilience of water supplies for customers. It was noted that the company is undertaking its largest-ever investment programme, supported by significant shareholder funding, to deliver improvements in pollution reduction, water quality, and service reliability across the region.

8	<b>Governance &amp; Board accountability</b>
8.1	<p><b>Key discussion points:</b></p> <ul style="list-style-type: none"> <li>• <b>Committee questioned how governance could be described as effective given missed regulatory commitments.</b> <ul style="list-style-type: none"> <li>– KL described the substantial cultural and structural changes implemented at Southern Water since 2019. He explained that, upon joining, the board faced challenges with alignment and clarity of purpose, which impacted decision-making and overall effectiveness. Since then, the board has worked to achieve greater alignment around strategic priorities, with a renewed focus on transparency, accountability, and robust challenge.</li> <li>– KL highlighted the introduction of a more rigorous approach to root cause analysis, ensuring that the board and executive team do not simply address surface-level issues but instead seek to understand and resolve underlying causes of performance challenges. He also referenced the importance of fostering a culture where staff at all levels are empowered to raise concerns and contribute to continuous improvement.</li> <li>– WP added that the board’s effectiveness is regularly reviewed, both internally and through independent external assessments. The most recent independent review confirmed that progress has been made in strengthening governance arrangements, board composition, and oversight processes, while also acknowledging that further work is needed to fully achieve the desired outcomes.</li> <li>– Both KL and WP emphasised the board’s commitment to ongoing improvement, openness to challenge, and the importance of learning from past shortcomings to ensure better performance and accountability in the future.</li> <li>– They credited Lawrence Gosden (CEO, Southern Water) with publishing the company’s turnaround plan and fostering a culture of transparency and continuous improvement.</li> </ul> </li> <li>• <b>The committee explored the processes in place for board succession planning.</b> <ul style="list-style-type: none"> <li>– KL and WP outlined their commitment to ensuring a diverse and skilled board that can effectively oversee the company’s strategic direction. It was emphasised that succession planning is approached proactively, with careful consideration given to the skills, experience, and perspectives needed to address current and future challenges. The importance of maintaining independent challenge within the board was highlighted, with a focus on recruiting members who can provide objective oversight and constructive scrutiny, thereby supporting robust governance and continuous improvement.</li> </ul> </li> </ul>
9	<b>Customer bills</b>
9.1	<p><b>Key discussion points:</b></p> <ul style="list-style-type: none"> <li>• <b>The Committee raised the issue of rising customer bills, questioning why customers should be expected to pay higher charges to address historic underinvestment in the water industry.</b> <ul style="list-style-type: none"> <li>– KL acknowledged that previous levels of investment across the sector had not been sufficient to meet current regulatory and environmental standards.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– He explained that recent and ongoing investment is necessary to bring infrastructure and service levels up to the required standard, and emphasised that customers are not being asked to pay twice for the same improvements.</li> <li>– WP highlighted that since Macquarie’s involvement, all regulatory returns and additional shareholder investment have been reinvested into the company.</li> <li>– The committee discussed the balance between the need for investment, environmental sustainability, and affordability for customers, referencing the “water trilemma” of supply security, environmental protection, and bill fairness.</li> <li>– Southern Water confirmed its commitment to supporting vulnerable customers, with ongoing initiatives to identify and assist those facing financial hardship.</li> </ul> <p><b>Actions agreed:</b></p> <ul style="list-style-type: none"> <li>• Southern Water to continue transparent communication with customers regarding the reasons for bill increases and how funds are being invested.</li> <li>• Southern Water to maintain and expand support for vulnerable customers, ensuring that assistance is accessible and well-publicised.</li> </ul>
<b>10</b>	<b>Committee Effectiveness &amp; Next Steps</b>
10.1	<p><b>Key discussion points:</b></p> <ul style="list-style-type: none"> <li>• <b>The Chair asked KL and WP what they would like to see from the committee’s work and what would make the committee genuinely effective from their perspective.</b> <ul style="list-style-type: none"> <li>– WP responded that he values having challenging and constructive discussions, stating that tough questions and scrutiny are essential for rebuilding public trust. He emphasised that the output and impact of the committee’s work are more important than the process itself, and that he prefers open dialogue that leads to progress rather than easy questions that do not drive improvement.</li> <li>– KL echoed this sentiment, highlighting the importance of the committee’s external perspective and input into board discussions. He assured the committee that their feedback and recommendations are taken seriously and can influence board-level decisions.</li> <li>– KL also noted that the committee’s role in bringing forward the views and concerns of customers and communities is vital for ensuring the company remains accountable and responsive.</li> </ul> </li> </ul> <p><b>Actions agreed:</b></p> <ul style="list-style-type: none"> <li>• Southern Water to continue their transparency around independent governance reviews and Board accountability processes.</li> </ul>
<b>11</b>	<b>Culture &amp; staff welfare</b>
11.1	<p><b>Key discussion points:</b></p> <ul style="list-style-type: none"> <li>• <b>Committee expressed concern over the abuse faced by Southern Water staff, both frontline and executive.</b> <ul style="list-style-type: none"> <li>– KL and WP responded firmly and supportively. They condemned all forms of abuse, stressing that staff work hard in their communities and deserve to feel safe, respected, and valued.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– KL highlighted that hostility is counterproductive and urged members of the public to speak directly with Southern Water if they believe something should be done differently, emphasising that constructive dialogue leads to better outcomes.</li> <li>– WP echoed this, noting the negative impact such behaviour has on morale and reinforcing that open, respectful engagement is essential to rebuilding trust and enabling staff to deliver improvements.</li> <li>– In terms of public perception, the company is working to highlight the dedication and achievements of its workforce through community engagement, transparent communications, and participation in local events. These initiatives aim to build a sense of pride among staff, strengthen engagement, and improve the organisation’s reputation within the communities it serves.</li> </ul> <p><b>Actions agreed:</b></p> <ul style="list-style-type: none"> <li>• Southern Water to continue strengthening measures that protect staff from abuse and promote constructive dialogue with customers and communities.</li> </ul>
<b>12</b>	<b>Next meeting</b>
12.1	<ul style="list-style-type: none"> <li>• Next meeting will be held on the 2<sup>nd</sup> April and will focus on wastewater management, storm overflows, and pollution.</li> </ul>
<b>13</b>	<b>AOB/Close</b>
13.1	<ul style="list-style-type: none"> <li>• No other business.</li> <li>• DM thanked all attendees for their openness and constructive engagement.</li> </ul>