

WATER ENVIRONMENT GOVERNANCE GROUP

TERMS OF REFERENCE

November 2020

1. BACKGROUND

At NWG, we take care to protect and improve the environment in everything we do, leading by example. In our PR19 customer research, our customers told us that they would like us to work with others to deliver wider improvements beyond just water quality to the areas of rivers and beaches that they use. In response, and with support from our partners, we have developed a new approach to the water environment for 2020-25 (AMP7). This will allow us to go 'above and beyond' our business-as-usual activities across the company to work with others to deliver water environment improvements of benefit to our customers, and help us achieve two of our ambitious goals - leading in catchment management, and having the best rivers and beaches in the country.

The new approach includes a new performance commitment (PC) and Outcome Delivery Incentive (ODI) for Water Environment Improvements for AMP7, which will allow us to build on the existing activities in our plan to work with others and go 'above and beyond' our baseline activities and investment where we think it is of benefit for our customers. We have also launched a partnership scheme to support delivery of the ODI. NWG will initiate a 6-month feasibility study in spring 2020 to develop the water environment approach for AMP7, managed by a new Water Environment ODI Lead and supporting team.

The Water Environment Governance Group (WEGG) is an essential aspect of our new approach, which will provide external assurance and allow our regulators and customers to have confidence that where we decide to invest in water environment improvements, we do so for the right reasons and with customers' interests at heart.

Further detail on NWG's approach and our plans are set out in the 'Water Environment Governance Group Briefing Note'.

2. PURPOSE

The WEGG will provide NWG with advice, guidance and external assurance on its water environment approach. The group will help ensure, through development of and involvement in due process, that the approach taken delivers km of improvements to meet and exceed targets for NWG's Water Environment Improvements ODI that are justified and of benefit to customers. The WEGG will also be responsible for providing evidence of external assurance to Ofwat through interactions with the Water Forum Environment Sub-Group and thence to the Water Forum (NWG's Customer Challenge Group).

3. SCOPE

This group covers NWG's approach to improving the water environment across its Northumbrian Water and Essex & Suffolk supply and operating areas (10 management catchments across the North East, Essex, Suffolk and Norfolk).

The areas of interest for ESW will include ESW supply areas, drinking water source areas, and downstream management catchments (Figure 1).

The water environment within these regions is considered to be all rivers, streams, lakes and reservoirs, wetlands, beaches and coastline.

Accessible water environment is defined as the areas of rivers, streams, lakes and reservoirs, wetlands, beaches and coastline that customers can get to via public or private access, allowing customers to engage with, enjoy and benefit from water in the environment.

Improvements delivered upstream may benefit downstream accessible areas.

The WEGG will agree whether ideas, opportunities, schemes and projects fit within the scope of the approach and have the final say on eligibility.

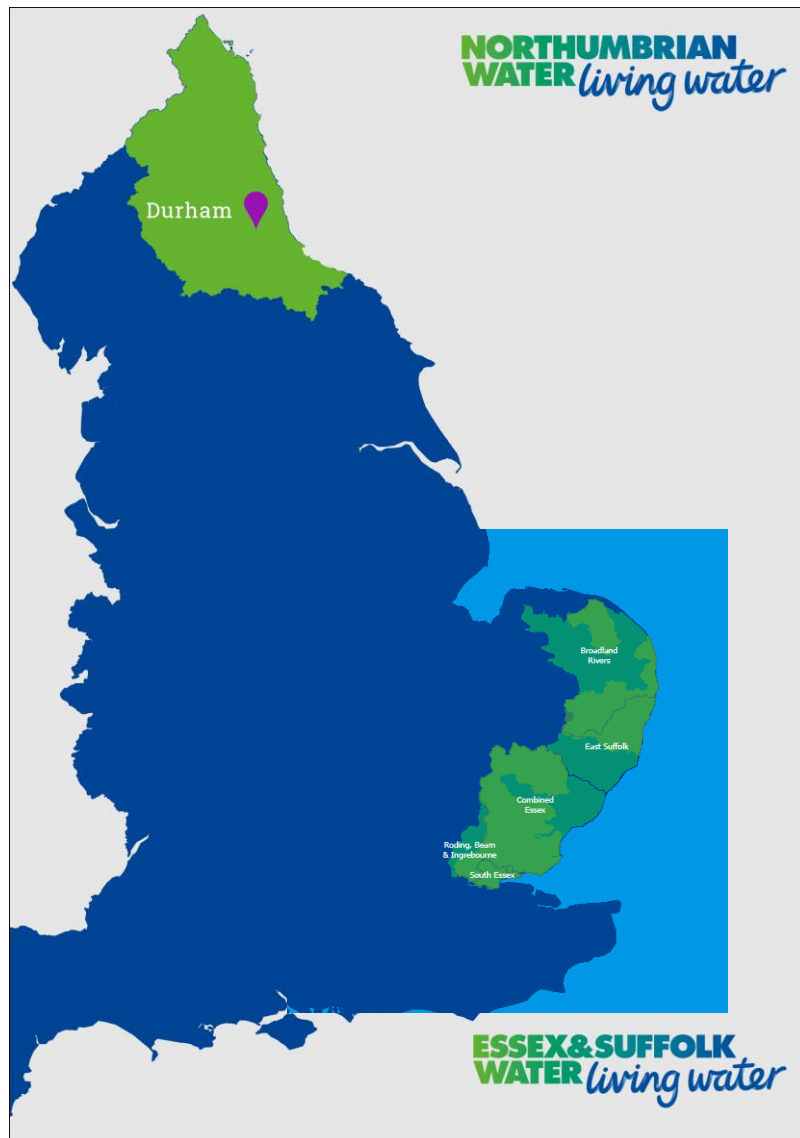


Figure 1. Areas of interest for delivering Water Environment Improvements

4. AIMS

The anticipated aims of the WEGG are to:

1. Bring together key individuals to work together to provide NWG with advice, guidance and external assurance on its water environment approach, including the partnership scheme and ODI;
2. Work closely with and provide strategic advice and support to NWG's Water Environment ODI Lead, who will have overall responsibility for NWG's water environment approach;
3. Help ensure, through development of and involvement in due process, that the approach taken delivers km of improvements to meet and exceed targets for NWG's Water Environment Improvements ODI that are justified and of benefit to customers;
4. Provide a formal link to regional stakeholder groups and through these to other partnerships and partners, demonstrating external assurance and supporting engagement activity which can be of benefit to improving the water environment;
5. Have oversight of the scheme, including the costs and benefits of planned investment, advising NWG on investment and spending against priorities, and reviewing ODI accounting;
6. Provide evidence of external assurance to Ofwat on NWG's Water Environment ODI through reporting to and interactions with the Water Forum Environment Group.

5. OBJECTIVES

The objectives of the WEGG are to:

- Work as a group and with the Water Environment ODI Lead to review proposed methodologies, mechanisms and ways of working, providing advice and recommendations on how the scheme and ODI should best be managed;
- Agree the rules and criteria and eligibility for proposed improvements, ensuring that the approach taken delivers km improvements that go above and beyond NWG's baseline commitments and obligations to protect and improve the water environment and that these are considered of benefit to customers;
- Challenge and ultimately approve the proposed plan for improvements to be delivered (on appropriate timescales to be agreed) ensuring that investment is justified and that ODI targets will be met or exceeded;
- Engage with regional stakeholder groups and designated representatives as appropriate, helping to gather information on opportunities and projects, and enlist stakeholder support for identified improvements which could be delivered under the scheme.
- Review costs and benefits of planned investments, making recommendations on funding if required;
- Engage regularly with the Water Forum Environment Group to update on progress;
- Provide an annual formal report to the Water Forum Environment Group which will be issued to Ofwat to demonstrate external assurance for the approach.

6. MEETING INPUTS AND OUTPUTS

The Wastewater Strategic Planning Team will provide the following to WEGG members ahead of meetings:

- Meeting papers
- Candidate projects for review
- Funding/budget update if relevant

Expected outputs from meetings include:

- Agreed action log
- Meeting minutes
- Project approval
- Plan approval
- Funding/budget recommendations

7. STANDARD AGENDA

The proposed agenda items for WEGG meetings are:

1. Introductions
2. Review of Actions
3. Progress update
4. Review of projects
5. Issues and risks
6. Reporting
7. A.O.B

8. ADMINISTRATION AND REPORTING

- These Terms of Reference have been agreed at the first meeting of the WEGG on 14/10/20.
- Regular progress reports will be provided to the WEGG from the Water Environment ODI Lead at each meeting.
- After completion of the water environment feasibility project, the governance approach and Terms of Reference for the WEGG will be reviewed.
- The WEGG will initially meet at least every two months to support NWG through the AMP7 water environment feasibility stage.
- NWG will provide a secretariat for meetings. The agenda and papers for each meeting will be prepared and distributed in advance by the Secretariat and stored in the Water Environment Governance Group Microsoft Teams Group.
- The Secretariat will retain an action log of each meeting which will be accessible to all regional partners via the Environmental Partnerships webpages hosted by NWG on SharePoint at <https://nwgcloud.sharepoint.com/sites/TD0052/SitePages/Home.aspx>.

9. MEMBERSHIP

It is proposed that the WEGG is made up of at least seven members comprising:

- Three Water Forum members:
 - Chair of the Water Forum Environment Network
 - CC Water representative
 - Environment Agency representative
- One representative from the Catchment Based Approach
- One representative from Blueprint for Water
- Two NWG representatives attending in an advisory capacity

Other members representing specific areas of interest may be invited to join the group in support of the group's objectives.

Members will be selected for their individual skillset and personal strengths, in addition to their organisational representation. The group should aim for an equal balance of members from across NWG's NW and ESW regions.

NWG's Water Environment ODI Lead will attend the group but not have voting rights. Other members of the ODI team may also attend in support of meeting objectives.

Membership will be reviewed on completion of the initial feasibility project developing NWG's AMP7 water environment approach, and at least annually thereafter.

The group will be chaired by the Chair of the Water Forum Environment Network through the feasibility project.