



European Investment Bank (EIB)

Luxembourg, 10.12.2021

Environmental and Social Completion Sheet (ESCS)

Overview

Project Name: SOUTHERN WATER AND WASTEWATER AMP6 - I
 Project Number: 2015-0033
 Country: United Kingdom
 Project Description:

Southern Water provides water and sewerage services to a population of approximately 2.4 (water) and 4.5 million (sewerage), respectively, in the southeast of England, including the counties of Kent, East Sussex and West Sussex, Hampshire and the Isle of Wight. The project comprises Improvements to water supply and wastewater collection and treatment as part of the first half of Southern Water's regulatory investment programme AMP6 (Asset Management Plan 6).

Summary of Environmental and Social Assessment at Completion

EIB notes the following Environmental and Social performance and key outcomes at Project Completion.

The Project was mainly driven by compliance with EU Directives in the areas of water and environment as well as the need to maintain the quality, resilience and effectiveness of services and improve water management against a backdrop of environmental enhancement requirements, predicted localised climate change impacts and demographic developments.

The Project aimed at upgrading existing facilities to support compliance with the EU Water Framework Directive (WFD 2000/60/EC), with the Urban Wastewater Treatment Directive (UWWTD 98/15/EEC), with the Bathing Water Directive (2006/7/EC) and with the Drinking Water Directive (98/83/EC). The Project originally consisted of 36 schemes, subsequently expanded to 40 schemes during implementation, and were clustered around the following core investments objectives:

- Investments to comply with the Urban Wastewater Treatment Directive (UWWTD 98/15/EEC)
- Investments to comply with the Water Framework Directive (WFD 2000/60/EC)
- Investments to comply with the Bathing Water Directive (2006/7/EC)
- Investments to comply with the Drinking Water Directive (98/83/EC)
- Investments for Mitigation and Adaptation to Climate Change
- Innovation schemes

The Project was strongly environmentally driven and therefore had predominantly positive effects on the environment. Most of the works were carried out under the Project consisted of upgrades of existing sites, where the overall impact of construction had been limited. The promoter confirmed that none of the schemes required an Environmental Impact Assessment (EIA).



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An SEA process was carried out as part of a statutory Water Resources Management Plan, and following a public consultation in 2014, it was published in March 2015. The River Basin Management Plans for the area served by Promoter were adopted in 2016, and were also subject to public consultation. The quality and environmental regulators (UK Drinking Water Inspectorate and the Environmental Agency (EA)) independently monitored compliance with the issued permits and prevailing quality standards throughout and subsequent to the implementation of the Project.

The Promoter is Southern Water Services (SWS) Ltd (www.southernwater.co.uk)

The promoter confirmed that all of the schemes in the Project were in alignment with EU Habitats and Birds Directives, as well as that none of the components had a significant impact in Natura 2000 areas.

EA investigation of underreporting of wastewater treatment plant overflows

Between 2013 and 2016, the EA conducted an investigation potential non-compliances with flow to full treatment (FFT) permit conditions at a number of wastewater treatment works, operated by the promoter. The investigation established that a significant number of untreated wastewater discharges remained unreported to the EA leading to pollution incidents in rivers and coastal waters in Kent, Hampshire and Sussex. As a result of the investigation, SWS has been handed substantial fines by both the EA and the Office of Water Services (OFWAT), the water industry regulator in England and Wales.

Following the outcome of the investigation in 2017 SWS put in place a number of corrective initiatives to prevent the occurrence of similar incidents, in addition to actions undertaken as part of its AMP6 capital investment programme. The main elements of these actions were the following:

Culture:

- SWS refreshed its purpose, values and is embedding ethical business via a new code of ethics, refreshed training, a new whistleblowing 'Speak up' system, a code of conduct for suppliers.

Training:

- SWS's mandatory training and a programme of technical training was enhanced. Mandatory training now includes: the Code of Ethics; whistleblowing 'Speak up'; Environmental Management Systems; Environmental Information Regulations; Understanding Regulators and your role; Doing the right thing.
- Additional technical training on understanding Environment Agency permits, with all wastewater treatment works having a specific simplified version for ease of understanding for front line employees, pollution awareness training and a programme of competent operator training for front line employees.



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Monitoring and controls:

- New executive structure. This split up Water and Wastewater to improve focus on performance and the creation of a new second line control function the Directorate of Risk and Compliance, in order to embed a three Line of Defence model. Compliance monitoring of both water supply and wastewater effluent is now carried out by the Directorate of Risk and Compliance, independently from the water and wastewater performance functions.
- Compliance monitoring and sampling was improved with new controls on randomness and confidentiality, internal and independent external audits of sample programmes and monitoring controls and weekly challenges on reasons for no flow at time of sampling at wastewater treatment works involving senior managers in Wastewater and Risk and Compliance.
- Improvements to the wastewater compliance controls included: first line site audits carried out by wastewater process scientists; second line site audits carried out by Risk and Compliance; independent third line external site audits carried out by ISO auditors as part of maintaining accreditations. Audit actions are now tracked by a new internal audit tracking systems with monthly reporting to relevant senior managers and the executive.
- There are quarterly Board audit committee reports on compliance from the Directorate of Risk and Compliance.

Asset investment:

- A specific programme of investment exceeding GBP 26m has implemented at wastewater treatment works addressing permit non-compliances identified during compliance site audits. The vast majority of corrective actions have been completed with appr. 15 of works requiring more substantial infrastructure improvements in the next few years. The annual programme of permit audits is carried out to raise any new issues or risks as part of our normal business processes. Additionally, new processes were introduced to ensure the correct use of storm tanks, verification of unusual flow conditions and independent effluent sampling. Other changes include our Event Duration Monitoring technology which has been rolled out across 97 % of the network since 2017; this technology builds a clearer picture on the use of Combined Sewer Overflows (CSOs) and is helping SWS better target future investment and operational activity.

Summary opinion of Environmental and Social aspects at completion:

EIB is of the opinion based on reports from the promoter, that the Project has been implemented in line with EIB Environmental and Social Standards, applicable at the time of appraisal.

With regard to the investigation by the EA, even though it focused on incidents took place in the previous (AMP5, 2010-2015) period, and primarily concerned operational practices in the way the promoter was operating its existing wastewater treatment plants, EIB is of the opinion, that the corrective actions undertaken by SWS appear to be in line with good operational practices and also sufficiently robust to prevent the occurrence of similar deliberate underreporting.