

Great People, Great Work



Our Performance 2009-2010





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Executive Summary



“I was genuinely surprised and impressed at the innovative work that Southern Water is undertaking both in its core competencies and its wider community involvement.” So said Paul Kinvig, Chief Executive of Hampshire Economic Partnership, as we continued to deliver for customers in 2009/10.

This report offers a snapshot of the key successes and achievements in five key areas of our business – Customers, Compliance, Creating Value, Colleagues and the Community.

Our business exists to serve our **Customers** and, with clear focus on them, we produced our best performance against industry regulator Ofwat measures for the second year running. This included our highest Operational Performance Assessment score for customer services, such as dealing with telephone calls and handling complaints. Indeed, we achieved a further 38% drop in customer complaints, while a new outbound calling structure that enables us to proactively talk to customers during and after service events proved a successful new initiative.

We posted a further strong performance in maintaining **Compliance** with quality standards across our operations, including all beaches in the region meeting European water quality targets and industry-leading leakage performance. This was underpinned by our Health and Safety performance which saw us win the President’s Award from the Royal Society for the Prevention of Accidents RoSPA.



At the heart of our operation is the desire to **Create Value** for our customers. The approval of our plans to carry our water metering across our region will give customers control over their bills and ensure that, for the first time, the majority will pay according to the amount of water they use. This gives the opportunity to save water, energy and money and is a major step forward in meeting the demand for water in an area that the Government has officially declared as water-stressed.

A key ingredient of our success is our gifted and motivated team. We continued to invest in training to help ensure our **Colleagues** have the necessary skills and abilities to not only run our business into the future but also further their careers. This was well demonstrated by us winning the Outstanding Innovation award for our apprentice scheme at the Water Industry Achievement Awards.

We strongly believe that major employers should demonstrate Corporate Social Responsibility through supporting the **Community** where they operate. Our award-winning sponsorships continued to bring widespread benefit across the region, from improving schools to teaching children to swim. They were backed by our charity fund-raising, which last year supported more than 40 charities with over £350,000.

This report brings you some of the highlights of 2009/10 at Southern Water and records the way in which many of them have been endorsed by customers and stakeholders alike, while earning other accolades through both national and regional awards.

What we have done for our Customers

Customers are at the heart of our business and we are determined to meet and exceed their expectations. Our focus this year has been on making improvements to the service we deliver

- We achieved ISO 9001:2008 Quality Management for the whole of our operation, demonstrating our excellence in quality management in all things that we do for customers. The British Standards Institute auditor noted: "Support for the system and for the processes which are required by ISO 9001 was clearly demonstrated. Future developments within the business were outlined and a commitment to customer focus and improved performance was evident." We were further awarded the UK ARIS Business Process Excellence Award 2010 by the BSI.
- The Consumer Council for Water (CCW) assessed Southern Water responses to written complaints and rated 22 of 25 as "good", recognising the improvements made in the quality of our working. CCW subsequently recommended to another water company that they contact Southern Water with a view to following our example of the way that complaints are handled.
- We improved the flow of information for customers moving house. Additional information included the credit/debit relating to their old address, charges at the new address and new payment scheme details. The changes reduced customer contact and so improved the customer experience.

Highlights:

Award of ISO 9001:
2008 Quality Management

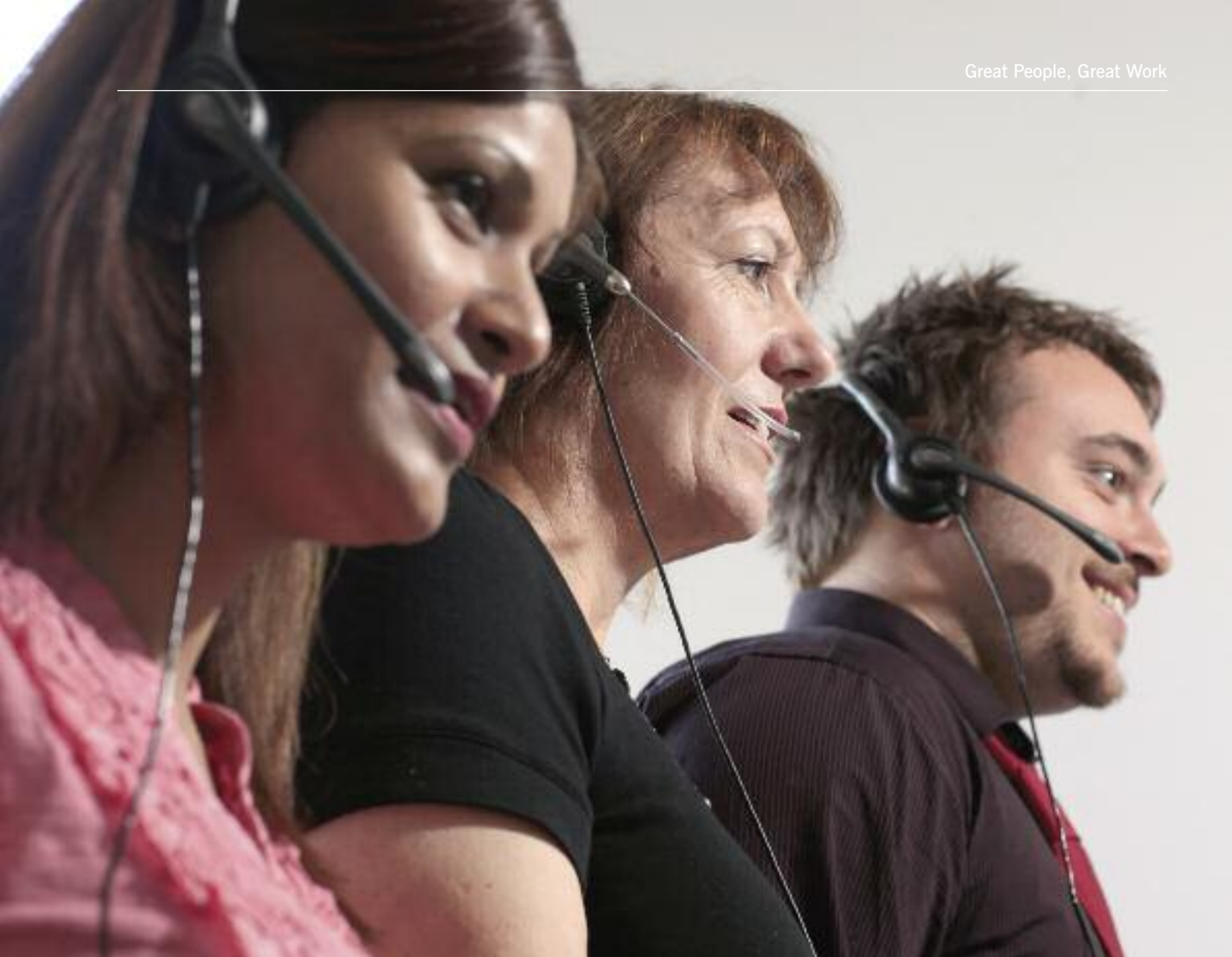
Endorsement from the Consumer Council
for Water

Top three website

Customer visits

- We continued last year's good performance with a further 38% reduction in complaints received. There was also a 6% reduction in telephone contact, reflecting first-time resolution of a question or concern.
- We introduced new documents and information for customers to assist them in their dealings with us. Reviewing our letters to ensure plain, simple and consistent language helped reduce the need for customers to contact us, while monitoring the quality of responses to customers reduced the number of repeat contacts and improved satisfaction levels.
- We improved our customer IT system so agents have access to more customer information and are, therefore, more able to resolve issues in one call.





- We set up a new outbound calling structure in our Technical Call Centre. We contacted customers during and after service events, such as blockages and leaks. This allowed us to manage the experience for customers, check on the quality of service provided and make us more proactive, thus reducing unwanted calls coming into the business.
 - We improved the resolution of customer operational issues, raising the close-out rate of Customer Service Management System (CSMS) reports from 50% to over 90%.
 - New features on our website included expanding facilities for customers, who now complete more than 10,000 online transactions each month.
- "I know the efforts in investment in the environment and the good public communications that Southern Water is achieving. I was impressed with all that I heard."**
- Simon Knight**, High Sheriff of West Sussex
- We remained in the top three utility company websites in an annual usability survey by web experts Webcredible, published in Utility Week. Customer visits to the website continued to increase and, for the first time, the monthly average topped 50,000.
 - We took significant steps to enhance the look and feel of our website with the introduction of visuals containing key messages that automatically rotate and change on the main pages and link to other sections of the site. We streamlined the videos section and added nine new films.
 - Our initiative to invite dissatisfied customers to a Southern Water site in their area enabled them to give face-to-face feedback, meet our team and tour the site to gain a greater understanding of the service they receive. During the year about 1,000 customers visited us with feedback including: "You are the only company that has taken the time to bother to meet me and take my complaint seriously."

What we have done to maintain Compliance

Meeting the demanding standards set by our regulators is at the centre of everything we do and this year we have continued to perform strongly.

- Our Overall Performance Assessment, as measured by Ofwat, continued our best ever performance from the previous year with a score of over 400.
- All of our 81 designated bathing beaches met European water quality targets, monitored by the Environment Agency from May through to September.
- We increased our use of sludge treatment centres and cut down dramatically on the amount of sludge taken to landfill. Between May 2009 and February 2010, no sludge was taken to landfill.
- We were awarded the RoSPA President's Award for what is now 11 consecutive years of Health and Safety performance, a major achievement for the company.

"Southern Water has shown a commitment to protecting the health and well-being of its employees and others. Entering the RoSPA Awards reinforces the message that good health and safety is good for business and clearly demonstrates an organisation's dedication to improving performance in this crucial area."

David Rawlins, RoSPA Awards Manager



Highlights:

- Overall Performance Assessment
 - Top Health and Safety Award
 - Industry-leading environmental performance
 - Considerate Constructors
- We received the Health and Safety Initiative of the Year at the Water Industry Achievement Awards for reducing the number of accidents in the workplace through our Aim for Zero Injuries initiative.
 - We increased the reporting of potential Safety Hazards and Near Misses to help eliminate the risk of accidents. Linked with our Health and Safety Charity Challenge, this resulted in a contribution of £12,000 to the Sussex Air Ambulance Fund.
 - Our Regulation department successfully re-applied for ISO9001, which is a sound indication of continued good operation and governance, and evidences the quality approach that we take in all areas of the business.
 - We held our Annual Environmental Performance Meeting with the Environment Agency and Ofwat. In recognition of our continuing improved environmental performance, they described us as a top three industry performer.
 - Out of 370 wastewater treatment works, 366 met their stringent consents, four more than required to maintain our service standard.
 - We received the Silver Award from the Kent and Medway Highway Authorities and Utilities Committee Considerate Contractor Scheme (CCS) 2009 and our site at Fullerton won the Major Projects section of the Institute of Civil Engineers South Branch Construction Awards.

- Sites across the region were visited under the national Considerate Constructors Scheme. At Folkestone, the auditor praised the site as achieving “an excellent level of compliance in all areas”, while our site at Eastney was described as “exceptional.”
 - Our campaign to stop fat, oil and grease (FOG) from being poured down sinks, causing sewer blockages, gained momentum through our character Lardy the Fatman.
 - We received the Carbon Trust Standard national award, recognising the steps we have taken to measure and manage our carbon emissions over a three-year period.
 - Our Water Resources Management Plan was approved and signed off by Defra and the Environment Agency, while we played a leading role in promoting the sensible use of pesticides to farmers and landowners to help protect water sources.
 - We designed an Air Quality Management Plan to help us operate our wastewater treatment works, sludge recycling centres and wastewater pumping stations without causing any nuisance from smells.
- “It was great to have the opportunity to visit and I was also extremely pleased to see the infrastructure improvements to deliver a better service to my constituents.”**

Hugh Robertson MP



What we have done to Create Value

We have continued to fulfil our spending promises and be efficient while, looking to the future, we gained approval for our programme to install water meters for the majority of customers.

- We launched our programme of water metering under the banner “Save Water, Save Energy, Save Money”, forming a close relationship with the Design Council, Energy Saving Trust, World Wildlife Fund and Waterwise to ensure full focus on key aspects of the programme, including customer experience, water, energy and carbon savings and protecting resources in the water-stressed South.
- We signed a contract for 600,000 meters. These Automatic Meter Reading (AMR) meters are read by driving by and incorporate data loggers enabling us to capture and present detailed consumption data to customers. The “intelligent” meters also contain leak alarms and, when installed, will help us identify and fix supply pipe leaks more effectively.
- For the fifth year in a row, we outperformed on the delivery of our capital programme of improvements, bringing in all the required outputs on time and within budget.



Highlights:

Save Water, Save Energy, Save Money
Cleaner Seas for Sussex
Service improvement programme of
£1.8 billion
Generation of renewable energy

- Work started on the £300 million environmental improvement scheme to bring cleaner seas to Sussex. A new wastewater treatment works is being constructed at Peacehaven, along with new sewers, tunnels and pumping stations to transport wastewater to the new plant. A new 2.5km sea pipeline will also be constructed.
- We successfully concluded the price determination for the next five years with Ofwat, enabling us to deliver a £1.8 billion programme of service improvements to customers and the largest number of environmental quality schemes in the industry.
- Our Assets team achieved PAS (Publicly Available Specification) 55, which is fully endorsed by the British Standards Institute and is an international accreditation setting out best practice for the management of physical assets.
- We fixed power prices for the next three years, helping to ensure the efficient running of our sites.
- We continued to generate renewable energy from 11 Combined Heat and Power plants at our sites while measuring and reporting our carbon footprint each quarter.
- We delivered improvements to the way in which we assist developers in connecting to our networks.

What we have done for our Colleagues

The dedication of the Southern Water workforce has been recognised with a number of industry awards and, as part of our investment in our future team, we've developed a ground-breaking new degree course.



Highlights:

Award-winning apprenticeship scheme
Sussex Business Award
Multi-skilling programme for operational staff
Discovery Programme

- We recruited 20 apprentices, more than ever before, to our award-winning apprenticeship scheme, voted People Initiative of the Year in the water industry.
- Working with the University of Brighton, we developed a ground-breaking new-style degree course that combines academic study with work-experience placements, leading to a Masters Degree (MSc or MEng).
- The company won the Training Award at the Sussex Business Awards for its innovative approach to learning and development and the success of its training programmes.
- Following the success of our pilot programme, we rolled-out Dynamo, a multi-skilling programme for staff in Operations. Further training enabled them to gain National Vocational Qualifications and City and Guilds.
- We ran an award-winning internal communications campaign to promote and support the implementation of our new Business Application Suite computer system. This was judged the Best Internal Communications Campaign in the UK by the Chartered Institute of Public Relations.
- We produced three short 'A Day in the Life of' films, giving staff, customers and stakeholders an insight into the company's good work in capital delivery, health and safety and customer service. The films feature on the Southern Water website and its new YouTube channel 'southernwateruk'.
- Working alongside Wipro and the University of Brighton, we developed the Discovery Programme – a world class talent programme for gifted individuals at all levels of the organisation.
- We provided placements for people with disabilities and continued our programme to offer assistance to disadvantaged people. We also continued to provide job opportunities for ex-offenders.
- We introduced a Customer Services School of Excellence to enhance the capability of our call centre staff.
- We organised three Health and Safety conferences, and more than 2,400 delegates attended Health and Safety courses, helping to ensure all employees are up to date with legislative requirements.

What we have done for the Community

Southern Water is keen to involve itself in local communities and help people of all ages. As *Peter Field, Lord Lieutenant of East Sussex*, said: "In these difficult economic times, it is great that Southern Water continues to get involved in the community and I know your support is greatly appreciated and highly valued."

- Our Communications Team was voted regional Outstanding In-House PR Team by the Chartered Institute of Public Relations for the third year running.
- The annual South and South East in Bloom competition, sponsored by Southern Water, attracted 207 entrants. We were named the UK's Best Low Budget Campaign at the national Hollis Sponsorship Awards for our Blooming Schools Programme to help children brighten up their school grounds while learning about gardening and water efficiency.
- We sponsored Brighton Festival Children's Parade for a third year. Staff led the parade and also manned a water station distributing chilled water to 4,000 children, who had each received a water bottle to take with them along the route. We also supported the Festival Fringe by backing Fringe City.
- Our award-winning Learn to Swim scheme continued to give up to 40,000 children the opportunity to learn to swim during the year, while a record 1,565 people visited Brighton's Victorian sewers to enjoy our award-winning sewer tours.
- More than 4,000 children saw our popular water efficiency 'Drips' show, which was performed 26 times at 22 schools around the region. We sponsored education workshops at Brighton's Theatre Royal for 90 local schoolchildren.
- With the Design Council, we launched a Water Design Challenge with local schools, inspiring teenagers to use design techniques to help them cut their school's water and carbon footprint.
- Our Community Chest Forum made more than 90 donations totalling over £11,500 to schools or community groups.

Highlights:

Outstanding PR Team
Blooming Schools
Helping children Learn to Swim
Brighton's Victorian sewer tours

- We teamed up with players from the Worthing Thunder basketball team to visit 32 schools in Sussex, promoting the importance of drinking water.
- Our staff undertook 170 community volunteering days, giving their time to help worthy causes.

"It was a tremendous pleasure to experience first hand the enthusiasm and generosity of the management, staff, customers and friends of Southern Water for their sponsored charities."

David Brann, RNLI Fund-raising and Communications Director



Quote...unquote...

What they say about us

“Mr Save-It, who is the largest walking water butt I’ve ever seen, is a colourful recruit for a company which has won national awards for its water efficiency work. What better way to make an instant impression on children – and adults too – that water is a vital commodity that we should try not to waste.”

Adam Holloway, MP for Gravesham

“The partnership between Southern Water and Worthing Thunder is an excellent way to promote drinking water in a fun and enjoyable way. It is good to see a local company working in such a proactive way.”

Tim Loughton, MP for East Worthing and Shoreham

“Southern Water’s eye-catching Mr Drink-It and Mr Save-It campaign is a good way to encourage people to drink more tap water. The characters help to get these important messages across to children and adults. Projections of hotter, drier summers in the South East make Southern Water’s campaign absolutely vital.”

David Lepper, MP for Brighton Pavilion

“We would like to commend Southern Water for its consultation and communication with traders and residents over recent months. Southern Water has updated the pipes in most of our narrow, often one-way streets. This has been done efficiently and speedily with the minimum of fuss and disruption.”

North Laine Traders Association, Brighton, Sussex

“Thank you for your wonderful support of the NSPCC. Over the past two years, Southern Water has raised almost £50,000 for our Rebuilding Childhoods Appeal, which is enough to provide 1,000 hours of direct one-to-one support for children who have suffered abuse.”

Andrew Flanagan, Chief Executive, National Society for the Prevention of Cruelty to Children

“The overwhelmingly impressive thing about it was that at no stage did it smell like we were going around a traditional sewage works.”

Damian Green, MP for Ashford

“May I, on behalf of my colleagues and myself and indeed the city council, say that this kind of collaborative, constructive approach, which can only benefit all of us, is extremely welcome.”

Councillor Alec Samuels, Leader of Southampton City Council

“It was a really interesting afternoon and we were definitely impressed with the scale of the operation at Eastney. Obviously, flood risk in Portsmouth is a real concern for us. We enjoyed finding out about the new pumping station.”

Sue James, Portsmouth Climate Action Network

“My colleagues and I found the tour around your site at Eastney extremely informative and very well organised, with a noticeable emphasis on the safety of the site. The visit has enabled us to get a better appreciation of the issues involved.”

Dennis Miles, Portsmouth Sustainability Action Group

“Southern Water did a huge job replacing the water pipes in this area and we worked together to ensure they could do the job and everyone knew what they were doing. Despite this being a major scheme, we appreciated the efforts the Southern Water team and their suppliers made to minimise the impact on residents.”

Ruth Addison, Friends of Palmeira and Adelaide, Hove

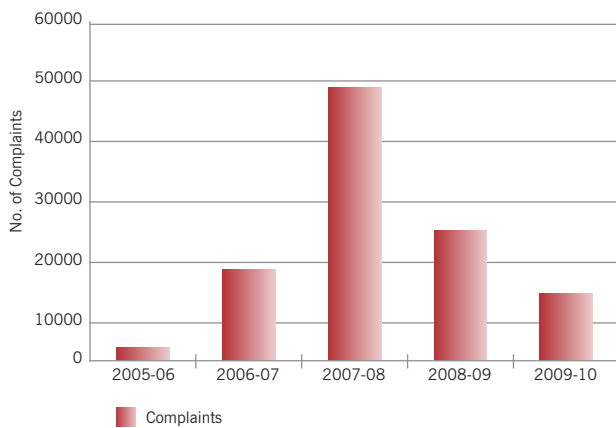
“The Cisco Euro Challenge is a fantastic event. Southern Water has helped WaterAid take a step closer to alleviating unacceptable inequalities.”

Rebecca Poyntz, WaterAid

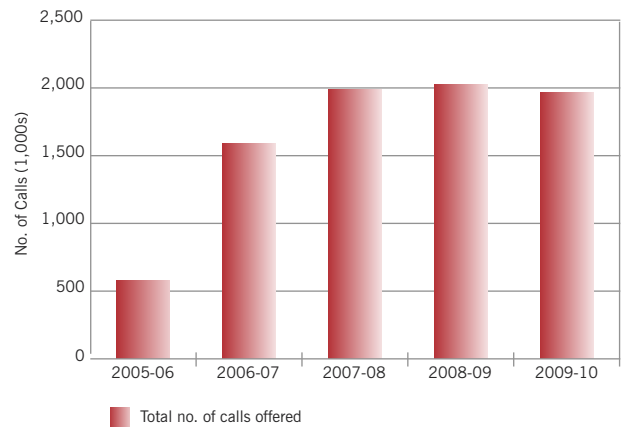
Year on year

Performance highlights at a glance

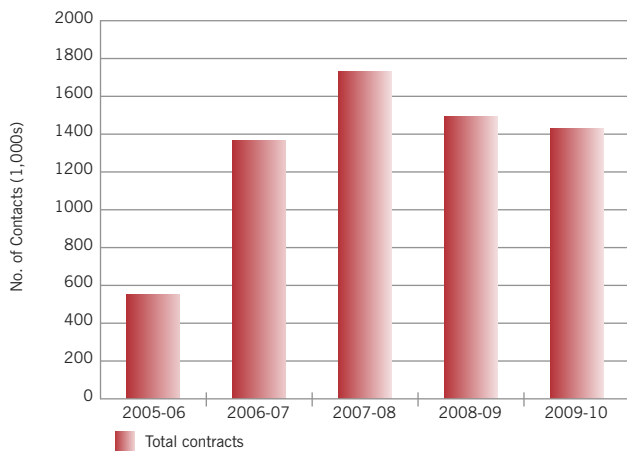
Customer Complaints



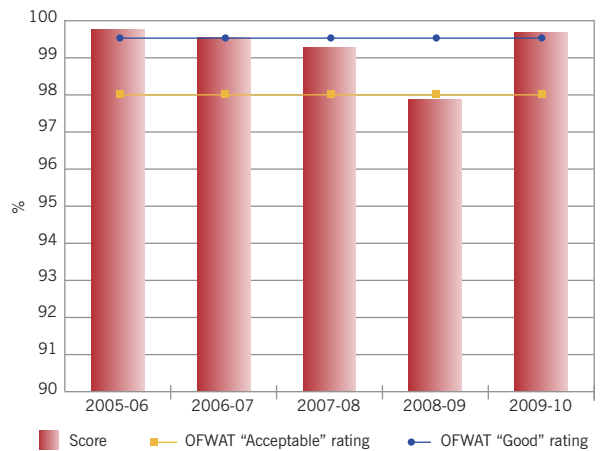
Telephone Contacts



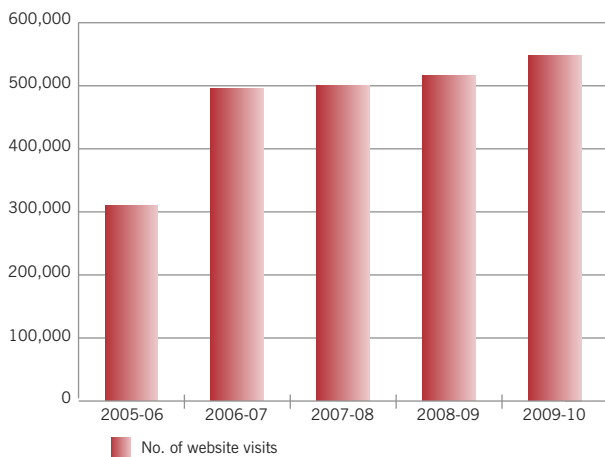
Billing Contacts



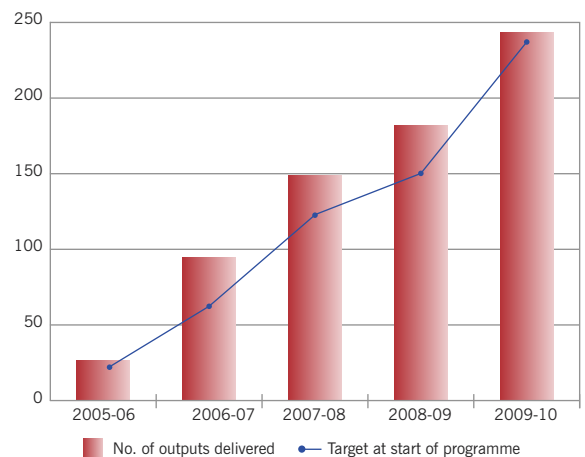
Meter Reading



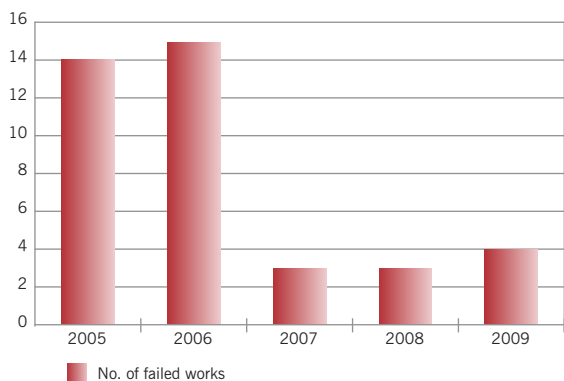
Customer use of Website



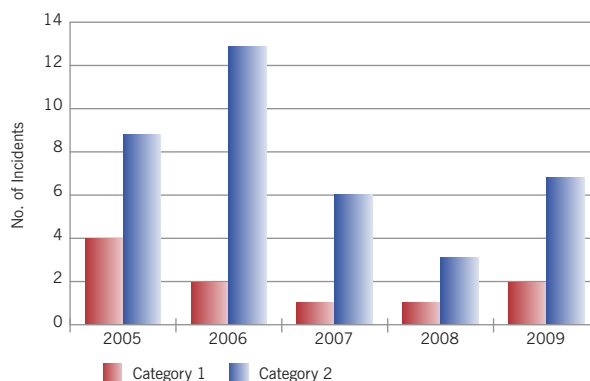
Capital Programme Delivery



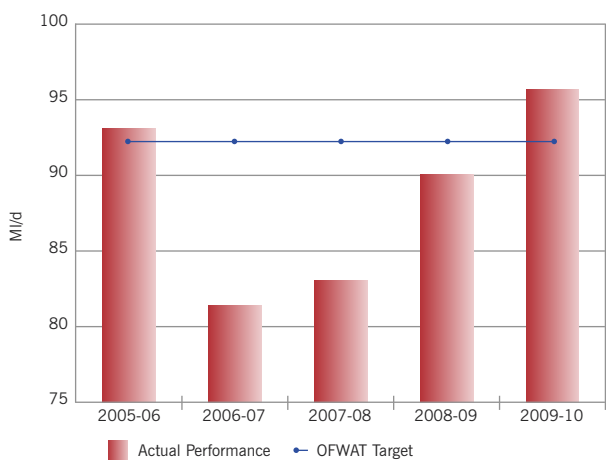
Compliance at Wastewater Treatment Works



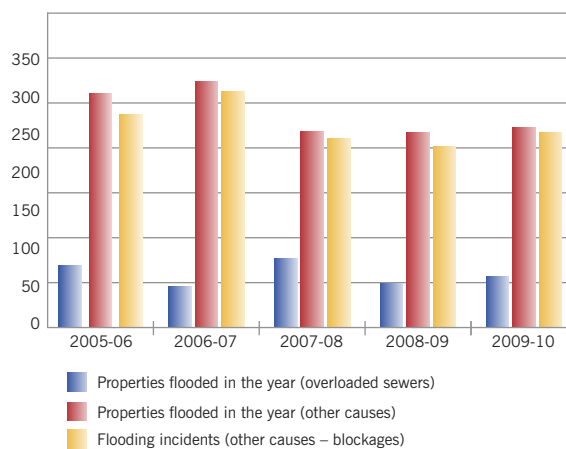
Pollution Incidents



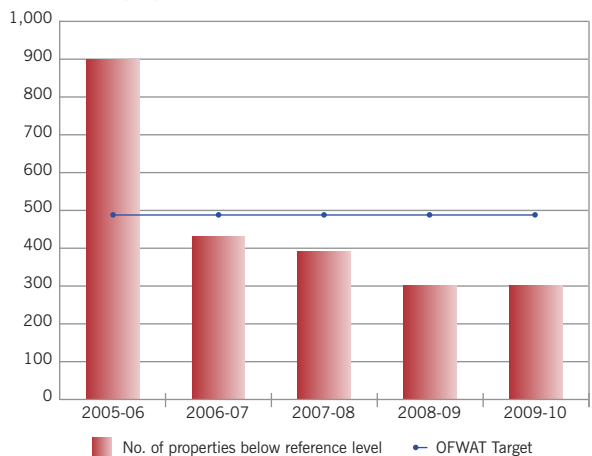
Leakage Performance



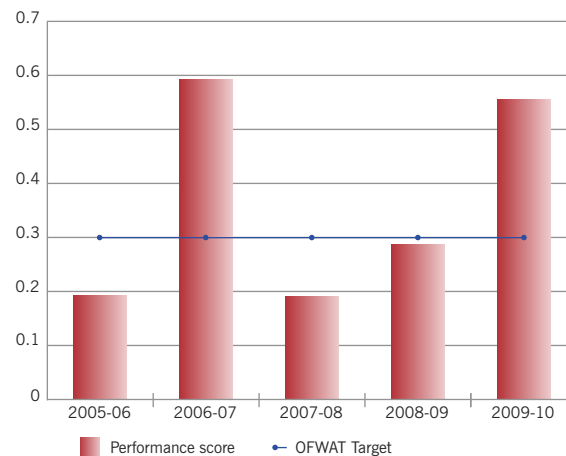
Internal Flooding Incidents



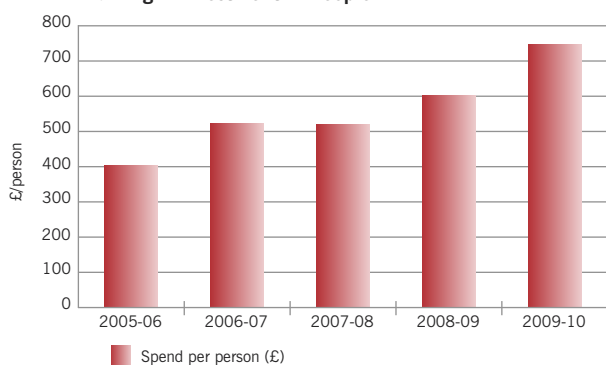
No. of properties with Low Pressure



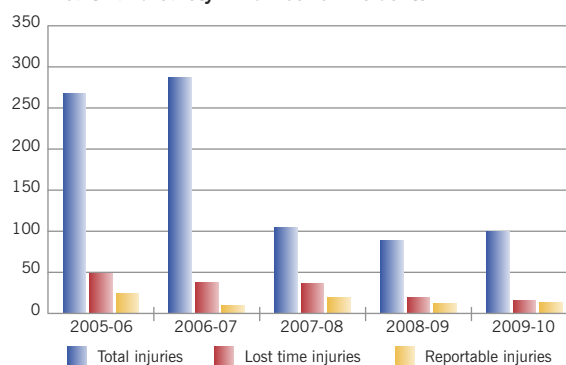
Interruptions to Supply



Training – Investment in People



Health and Safety – Number of Incidents



Our Awards



Water Industry Achievement Awards 2009

- Winner of Health & Safety Initiative: Aim for Zero Injuries
- Winner of People Initiative of the Year: Developing Our Young People
- Winner of Outstanding Innovation 2009: Developing Our Young People



ICE South Branch Construction Awards 2009

- Winner of Major Project: Fullerton Wastewater Treatment Works

Home Counties South CIPR PRide Awards 2009

- Winner of Best Internal Communications
- Winner of Best In-House Public Relations Team
- Silver Award, Learn to Swim Achiever Awards



Kent and Medway Highway Authorities and Utilities Committee Considerate Contractor Scheme 2009

- Winner of Silver Award



Sussex Business Awards 2009

- Winner of the Training Award



CIPR President's Grand Prix Award 2009

- Winner of Best Internal Communications

Fresh PR Awards 2010

- Highly commended for Internal Communications, Aim for Zero Injuries
- Highly commended for Community Relations, Learn to Swim



Hollis Sponsorship Awards 2010

- Best low budget sponsorship, Blooming Schools



RoSPA President's Award 2010

- Outstanding Health and Safety performance for 11 years

ISO 9001

- Customer Services and Revenue



UK ARIS Business Process Excellence Award 2010

- Customer Services and Revenue

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