About us

- We supply quality drinking water to almost 2.4 million people and treat and recycle wastewater from nearly 4.5 million people across Kent, Sussex, Hampshire and the Isle of Wight.

- Each day we supply nearly 530 million litres of drinking water from our 94 water supply works along 13,800 kilometres of water mains to customers’ taps.

- We take 64 per cent of the water from underground sources, called aquifers, 31 per cent from rivers and 5 per cent from storage reservoirs.

- Each day we also treat and recycle 730 million litres of wastewater at 368 treatment works after it is pumped through a sewer network of more than 39,600 kilometres.

Visit www.southernwater.co.uk to find out more.
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Introduction

Welcome to our five-year Business Plan for 2015 to 2020.

It sets out how we will provide the value-for-money water and wastewater services you, our customers, expect 24 hours a day.

We are confident this is the right plan for you. It is based on the findings from our biggest consultation programme. Over the course of 18 months to October 2013, we gathered, listened to and acted upon, the views of more than 27,000 customers and local community representatives.

Detailed research carried out during the public consultation on our draft plan showed 90 per cent of customers support our proposals. A significant minority (25 per cent) asked us to do more to keep bills affordable and we have responded to this feedback.

As we developed our plan, we were fully aware of the tough economic conditions which are making life difficult for a number of our customers. We recognise that, as a provider of essential services, it is critical we keep customers’ bills as low as possible.

Under this plan, average bills will rise by 0.6 per cent less than the rate of inflation from 2015 to 2020. This compares to a typical rise in bills of about nine per cent above inflation from 2010 to 2015.

We have achieved this by:

– Challenging all our costs so we will spend only what is necessary and well justified
– Setting ourselves the ambitious target of £189 million in efficiency savings – that amounts to just over £20 per year for every household we serve
– Slowing the rate customers pay towards long-term investment in our network of pipes and treatment works to minimise the impact on bills.

In addition, we will make sure bills remain affordable for customers in the lowest income groups. We will do this through a targeted support programme, including a new social tariff.

Becoming the best

Our vision is to be recognised as the UK’s leading water company.

Achieving our vision means we will:

– Provide services which meet or exceed customers’ expectations. We have set out clear promises on what we’ll achieve by 2020
– Perform as well as the best water companies in the UK across a range of measures. These include the quality of our customer service, our environmental record and our financial performance
– Lead the water industry on a range of important issues, as set out on the page opposite.

A plan built around you

Our plan has been developed through the biggest programme of customer research in our history.

We will use this as the springboard for a fundamental change in how we work with you, so you are as fully involved in shaping the delivery of this plan as you have been in developing it.

All successful companies listen to what their customers want. It’s especially important for us to do this as most of you don’t have a choice about which water company you use. We are committed to ongoing engagement with you to make sure we fully understand your views.

Delivering improvements

As a company, we can be proud. We currently have the lowest level of leakage of all the main water and wastewater companies in England and Wales and our health and safety record is the best in our history.

At the same time, we realise there is more to be done. This includes continuing to focus on making our customer service among the best in the water industry, successfully tackling flooding from our sewer network and raising the quality of coastal waters. The promises we have set out in this plan won’t be easy to keep, but we’re ready for the challenge ahead.
Leading the way

Taking the lead in the water industry on major issues will be key to becoming recognised as the UK’s leading water company.

We want to be at the forefront of a number of important areas identified from our extensive research with customers since spring 2012. These areas include:

- **Ongoing and high-quality engagement with our customers and stakeholders**
  Through the development of this plan and our current metering programme we have made major improvements in how we gather and act upon our customers’ views to shape the way we deliver the services you expect. We also have strong relationships with a wide range of stakeholders, such as local MPs.

  We will build on this work to become the leaders in customer and stakeholder engagement across the water industry and wider utility sector

- **Delivering value for money and ensuring everyone can afford their water bills**
  You expect us to do all we can to keep bills affordable, including working as efficiently as possible and providing support to customers who are in genuine financial hardship.

  We already lead the industry on supporting customers who struggle to pay their bills. This includes providing households with tailored advice on water and energy efficiency to help reduce their bills, as well as an award-winning Debt Advice Centre offering specialist support to customers. We will do even more, including introducing a new social tariff and working at a national level with the Government on affordability issues.

- **Working with others across the communities we serve to solve joint problems**
  Co-operating with others, such as councils and landowners, is a major theme in this plan. We are already working with a number of organisations to implement more cost-effective solutions to issues, including sewer flooding and supporting customers who are having genuine difficulty paying their water bill. We will greatly expand this approach in the years ahead, taking the lead in establishing partnerships across our region and sharing our learning across the water industry.

- **Water efficiency and water resource planning**
  We have already earned widespread praise for our work to encourage and support customers to be more water and energy efficient. We are also taking a groundbreaking approach to help ensure there is enough water to meet the needs of our current and future customers. We serve a region which is officially ‘water stressed’ so will continue to work hard to find new and improved ways of making the best use of local water resources, including continuing our joint work with neighbouring water companies to share resources across the South East.

- **Going further through innovation**
  Our customers have told us they expect us to use new technologies and new ways of working to become more efficient in the long term. The £189 million in efficiency savings we will make from 2015 to 2020 can be delivered only through innovation and changing the way we operate as a company.

  We want to expand our innovative work to manage water resources to take a more ‘holistic’ approach to looking after the water environment - looking across the whole water cycle rather than just at individual parts of it. This will help us better manage challenges, such as a growing population, housing and business development, protecting a sensitive local environment and climate change. All these impact on water resources and flooding.

- **Open and honest reporting of how we’re performing, including our profits and tax payments**
  In this plan, we have committed to openly reporting on our performance, including clearly communicating progress in meeting the promises we’re making, how much profit we make, and how much tax we pay.

  We have already made good progress in this area, with a new-look annual report setting out clearer and more comprehensive information across a range of issues. We will take the lead in our industry in giving customers a much better understanding of what we do, how we are performing and the value for money we provide.
Our promises

We have built this plan around you, your needs and expectations.

Through an 18-month programme of in-depth customer research, we have identified six priorities you want us to deliver. For each, we have developed a clear set of promises about what we will achieve for you. These are set out below and on the page opposite.

You can find out more about how we will meet our promises in Sections 3-8 of this plan.

We will link a number of our promises (those which include a £ symbol below) to a financial penalty. These penalties will apply if we miss the target by more than a specified amount.

For some of these promises, we will receive a financial benefit if we beat the required target by more than a specified amount. Before we receive any benefits, we will need to show we have at least maintained our overall levels of service.

Further details of how we have set and will apply these penalties and benefits can be found in Section 10 of this document.

Responsive customer service

Direct compensation paid where we let you down.

This will be linked to the service standards set out in our updated Customer Charter.

Quick and effective resolution of your queries.

90 per cent of your queries resolved first time by 2020.

£

2013: First time resolution = average of around 80 per cent.

Improved service to you and your community.

Increase the number of customers who feel our service meets their individual needs and those of their community.

£

This will be measured through regular satisfaction surveys.

Improved ranking in our regulator’s league table for customer satisfaction.

Be among the best by 2020.

£

2012 to 2013: Ranked 19th out of 21 companies.

A constant supply of high-quality drinking water

No restrictions on water use, unless there are at least two dry winters in a row.

For example, no hosepipe bans.

£

Current record: Once every six years.

Reduce leakage by 2020.

Target of 86 million litres a day in leakage by 2020.

£

This equates to a reduction in leakage of almost two million litres a day by 2020.

No increase in the average time you are without water because of a burst water main, for example.

£

Maintain performance of an average of nine minutes per customer per year.

No increase in the number of households suffering from persistent low water pressure.

£

Currently less than 0.1 per cent of properties we supply (257 households).

Increased customer understanding through better information and advice.

Help reduce the effect of hard water in homes and businesses.

This will be measured through regular surveys.
It will cost £3.2 billion to deliver this plan, which includes new costs to meet additional environmental obligations. These requirements were announced after we published our draft plan. To pay for the overall plan, average bills will rise by 0.6 per cent less than the rate of inflation from 2015 to 2020. You can find out more about what might happen to your bill in Section 9 of this document.
Our vision

Becoming the best

Our ambition is to be recognised as the UK’s leading water company, with customers at the very heart of our business.

To achieve this goal we will need to at least meet, and more often exceed, our customers’ expectations.

We are confident that, by delivering the promises in this plan, we will become the best performing company in the UK water industry. Our longer term aim is to offer services which rival the very best businesses in the country.

We will also take the lead in the way we deliver service to our customers through:

– Ongoing and high-quality engagement with our customers and stakeholders
– Delivering value for money and ensuring everyone can afford their water bills
– Working with others across the communities we serve to solve joint problems
– Water efficiency and water resource planning
– Going further through innovation
– Open and honest reporting of how we’re performing, including our profits and tax payments.

Until now, the water industry has focused mainly on making sure its assets, such as water mains, sewers and treatment works, are reliable and fit for purpose. Meeting targets set by regulators has also been important. This has helped us to improve our services and our effect on the environment.

However, we have not paid enough attention to what matters most to you. We need to take a new approach to make our vision a reality.

Working to improve

We’re already leading the water industry on a number of topics. This includes the new approach we have taken to understand, and prepare for, the effect more extreme weather patterns will have on our water resources over the next 25 years. This will help make sure our water supplies are more resilient.

We have also worked with our customers to shape every aspect of our metering programme, from how meters are installed to the support we provide with metered bills. This approach has drawn widespread praise.

However, we’re fully aware of the scale of change we need to make to the way we provide services to you.

You’ve told us you expect us to provide better customer service that is more responsive to you and tailored to your needs. You also expect us to work harder to reduce flooding from our sewer network. In order to protect and improve the environment, particularly raising the quality of our region’s coastal waters, you want us to work more effectively with others, such as local councils and landowners.

We won’t wait for 2015 to start work on these improvements. Our efforts are already underway in many areas and we’re making good progress.

– We’re investing £13 million to upgrade our billing system to offer you new and improved services, such as online billing. We’ve also redesigned our bills to make them clearer and easier to understand and increased our range of information and advice, for example, tips on saving water
– We’re working with others to tackle flooding problems. For example, in Middleton-on-Sea, West Sussex, we’ve joined forces with residents, the local council and the Environment Agency
– We’re tackling the problem of blocked drains and sewers. On the Isle of Sheppey in Kent, for instance, we’re working with residents and a charity to recycle cooking fat which may otherwise be poured down the plughole, causing blockages.

This is just the start. This plan sets out how we’ll continue to improve and make our vision a reality over the next five years.
Building for success
To help us achieve our goal of being recognised as the leading water company in the UK, we’ve identified four essential building blocks.

These are based on the experience of highly successful companies across a range of sectors. They will form the foundation of the work we do to deliver the six key priorities for the future which we identified from our in-depth customer research (see diagram below).

1 Having great people to provide great service
By attracting and training great people to work for us, we’ll make sure our staff and our company’s culture are always focused on providing you with excellent service.

2 Looking after our network of pipes and treatment works (our assets) to give you a reliable and high-quality service
By looking after our assets – water mains, sewers and treatment works – we’ll ensure we provide you with the highly reliable services you expect and protect services for future generations. We’ll do this in the most affordable way, making the best use of the money we invest and ensuring our business is committed to innovating – with new and improved ways of working.

3 Working with others to deliver improved services to you
We’ll work with others to improve our service across the board. Developing more partnerships with a wide range of organisations, from local councils to community groups, will enable us to provide better results in a more cost-effective way. This includes strengthening our constructive working relationships with our regulators Ofwat, the Drinking Water Inspectorate, the Environment Agency and Natural England.

4 Having a firm financial footing to deliver what you need and want
We’ll make sure we can continue to attract low-cost, long-term financing, so we can invest efficiently to provide the standard of service you expect while keeping your bills affordable.
Listening to you

This plan is different from the ones we’ve produced before. It has one clear aim – providing the services you’ve told us you want. To develop our plan we’ve listened to your views and focused on how we can meet your needs.

What matters to you

Since April 2012, we’ve talked to you and your community representatives to identify the issues which are most important to you in the next 25 years.

More than 27,000 customers and stakeholders from across our region have taken part in these discussions. This is the first time we’ve talked to so many people in such detail, and over so many months, to understand your needs.

We carried out research in multiple waves (see the diagram below), with the findings from each wave helping to shape our approach to the next.

Throughout our discussions, we checked back with you at regular intervals to make sure we had correctly understood what you told us. This has helped us make sure the conclusions we reached from our discussions with you are accurate.

This new approach to engaging with our customers means our plan is firmly centred on how we’ll meet your expectations.

The discussions we’ve had first helped shape our long-term strategy. This is set out in our Strategic Statement for 2015 to 2040 and covers our long-term commitments for the following six priorities identified from research we carried out:

- Responsive customer service
- A constant supply of high-quality drinking water
- Removing wastewater effectively
- Looking after the environment
- Better information and advice
- Affordable bills.

From July 2012 to January 2013
Both our Strategic Statement and this plan take account of our draft 25-year Water Resources Management Plan. This describes how we’ll make sure there is enough water to meet your needs, now and in the future.

**Your views on this plan**

Details of the findings of our research on each of the priority areas, together with the levels of service we promise to deliver for you in the coming five years, are set out in the next six sections of this plan.

During August and September 2013 we conducted a public consultation to understand how acceptable you found our draft plan for 2015 to 2020. We have used the feedback we received to update and finalise this plan.

### Customer feedback

The results of the detailed research we carried out during the consultation on our draft plan are as follows:

- 90 per cent of our household customers and 91 per cent of our business customers found the plan acceptable
- 91 per cent of household customers and 92 per cent of business customers found the promises made in the plan acceptable
- 96 per cent of household customers and 95 per cent of business customers found the plan to be ‘clear’ or ‘very clear’
- 75 per cent of household customers and 81 per cent of business customers found the impact of the plan on bills to be acceptable.
Key updates to our plan

We are pleased with the positive feedback on our plan. However, we have also paid very close attention to the views of the small proportion of people who said they would not support the plan.

We have examined these views in detail and identified three key areas for improvement:

– We need to do more to demonstrate that we are offering real value for money

– We need to provide better information about what we do, why we do it and how we spend the money you pay us. This will better enable you to judge the quality of services we provide and how we’re performing as a company

– We must work harder to earn the trust of some customers who doubt that we will really deliver what we have promised.

Together with views on the impact of this plan on bills, we have considered the above areas in detail and addressed these concerns in this final version of our plan. In particular, we have done the following:

– Challenged our plans to identify further opportunities to deliver efficiency savings to make sure bills go up by no more than they need to. We will now make savings of £189 million from 2015 to 2020

– Reduced the rate at which customers pay towards long-term investment in our network of pipes and treatment works to minimise the impact on bills

– Added a new promise to increase the number of customers who feel we are providing value for money. We will measure this through regular surveys and report on our performance.

This means we will still deliver the promises we’re making in this plan with average bills going up by 0.6 per cent less than the rate of inflation. That compares to a typical rise in bills of about nine per cent above inflation from 2010 to 2015.

We are also committed to openly reporting our performance against all of the promises we’re making in this plan, as well as how much profit we make and how much tax we pay. This will help you make a judgement on our services and build your trust that we are delivering what we said we would.

Having your say – next steps

We have taken a new approach to listening to our customers to develop this plan. We want to build on this work and use it as the springboard for regular and frequent discussions with you to make sure we are delivering the services you expect and want. This will include a programme of ongoing research to make sure we have a clear understanding of what you think of the services we provide and how we can improve them.

During the development of our plan, we have been helped and guided by the Southern Water Customer Challenge Group (CCG) – a panel of independent representatives from local business, community and environmental organisations, as well as our regulators. The group has challenged us on how we have gathered the views of customers on our future plans and used that feedback to shape them.

We want this independent challenge to continue so we are exploring setting up a new group to succeed the CCG when its work comes to an end in 2015. This group will have a similar role, looking at how we are going about finding out what customers think and acting upon what they say.

We also want to expand our customer panels to recruit more people to provide their views on a wide range of issues. This includes those under 18 years of age - our Customers of tomorrow. You can find out more by visiting www.southernwater.co.uk/yourvoice
Responsive customer service

What we will achieve

You expect us to give you better customer service and you want us to improve quickly.

We’re already working hard to do this and remain committed in the long term to matching the very best companies. The promises we’re making about how we will improve the customer service you receive are set out below.

What we will do

We have a clear plan to deliver the improvements you want from us. This includes the following:

- Enabling all our staff to focus on providing excellent service. For example, through increased training and development

- Offering you the option of managing your account online

- Carrying out ongoing research to understand how you feel about our services and what we can do to improve them

- Making sure we are a good neighbour, for example, by letting you know when we are working in your area and strengthening our links with local organisations, such as councils and community groups.

Your bill

7 per cent of your bill will go on providing you with the responsive customer service you expect (based on a combined water and wastewater bill).
What you expect from us

You’ve made it clear that you want us to provide much better customer service as quickly as possible, so this is our immediate focus.

In particular, you expect us to resolve your problems the first time you contact us. You also want us to make it easier for you to contact us, as well as provide you with service and information you can rely on.

In the long term we are committed to being leaders in excellent customer service and providing service that matches the best companies.

Our plans for 2015 to 2020

We’re determined to become a company where everyone is focused on providing excellent customer service.

First, we’ll reduce the need for you to contact us by making our communications clearer – for example, we have already re-designed our bills so you can easily understand them. This means you won’t need to call us with queries because you will have the information you need.

We’ll also fix things first time, with ownership of issues by our staff and clear promises on what we’ll do, and by when, to resolve your query. Further information is set out in the panel opposite.

We will clearly set out the standards of service you should expect in a well-publicised Customer Charter. If we fail to meet these standards, we will apologise and, in the majority of cases, offer a financial payment as compensation. We plan to increase the amount of compensation we pay as follows:

- **Missed appointment.** Payment to increase from £25 to £50
- **County Court judgement (for unpaid debt) issued in error.** Payment to increase from £100 to £150
- **Sewer flooding inside a home or business.** Compensation to increase from refund of one year’s worth of wastewater charges to refund of two years’ worth of charges (see Section 5 for further details).

It’s all about great service

Will Brown, Head of Continuous Improvement

‘Our customers have told us loud and clear that they want much better service from us. We have already made great progress on our journey to becoming the best.

For example, the number of complaints we receive is down by more than 40 per cent this year compared to the previous 12 months.

‘The turnaround in our performance follows a detailed review of every aspect of how we serve our customers. We are moving to a culture where we are fully focused on our customers’ needs and wishes and really engage and empathise with them to make their life a little bit easier wherever we can.

‘An extensive training and development programme has enabled our staff to concentrate on giving customers the very best service. This includes making clear promises about what we will do and sticking to them, aided by ‘Resolvers’ – staff dedicated to working with different parts of the company to ensure we follow through on our commitments and keep customers updated throughout.

‘We know we need to improve further to meet customers’ expectations, but we have some strong foundations to build from and remain committed to becoming amongst the best in the water industry.’
You will be able to easily manage your own account. Work has already begun on a £13 million upgrade of our billing system which will allow us to offer you an online self-service option. The new system will also give us a much better understanding of your needs and preferences and this will help us improve our service further.

We’ll also test any significant changes we make to our services with customers in advance.

When you do need to contact us, we’ll make sure that:

– Our staff have the skills and support they need to resolve most of your queries the first time you contact us. On the rare occasions they can’t do this, we’ll keep you up-to-date on progress, so you always know what is going to happen and when

– You can contact us in a way that suits you, whether that is by phone, text, email, our website, Twitter or post. No matter how you get in touch, we’ll provide you with a quick and effective response.

Our business customers will be able to choose from a wide range of services – from a low-cost, self-service option to a dedicated account-managed service. Our aim is to make life easier for local businesses to enable them to focus on their customers.

Some of you receive your drinking water from another water company. So, we’ll improve the way we work with other water companies in our region so we can give you a more joined-up service. For example, we are currently working with a number of our neighbouring water companies to explore ways of helping customers in financial difficulty to pay their water bills through a social tariff.

Our promises to you

– Direct compensation paid where we let you down.
  This will be linked to the service standards set out in our updated Customer Charter.

– Quick and effective resolution of your queries.
  90 per cent of your queries resolved first time by 2020. 2013: First time resolution = average of around 80 per cent.

– Improved ranking in our regulator’s league table for customer satisfaction.
  Be amongst the best by 2020. 2013: Ranked 19th out of 21 companies.

Understand and address your needs, concerns and expectations – Significant improvement required

It will cost £1.5 million to deliver the service you expect in this area from 2015 to 2020.

What you expect from us

You want us to provide you with customer service that is personal and tailored to your needs. You also expect us to make improvements in this area quickly and we’re already working to do that.

In the longer term, we’re committed to listening to you, so we always have a clear understanding of what you expect from us. We’ll do the following:

– Make sure we lead the water industry in how we engage with you to understand your priorities and how we’re performing against them

– Make use of innovative techniques to engage with you to make sure we can gather feedback from all our customers.
Our plans for 2015 to 2020

We are committed to becoming the best in our industry at understanding what you expect and want from us, and responding to that feedback to deliver services which meet your needs and wishes. The panel below provides more details on how we will achieve this.

We'll also do the following:

– Make sure the opening hours of our Contact Centre, where our staff deal with your phone calls, suit you
– Extend the range of services we offer through our website and other channels so you can manage your account when it’s convenient for you
– Give you choices about when and how you receive and pay your bill, including the option of online billing
– Work with other companies to offer you additional services and products, such as water-saving devices, to help you save water, energy and money.

Listening to our customers

Jo Fielding-Cooke, Head of Insight

“We have had conversations with more than 27,000 customers to help us develop this plan – the first time we’ve talked to so many people in such detail to find out what quality of service they expect from us.

“We already have a dedicated team to make sure we have a better understanding of people’s needs and wishes. For example, we have worked with customers to design clear and easy to understand bills. We will hold customer focus groups so we understand in detail how customers feel about our services and what we can do to improve them. These groups will represent all types of customers to make sure we are meeting everyone’s needs and expectations.

“We also want to set up an independent panel of representatives from across our region to look at and challenge the way we are gathering customers’ feedback and using it to deliver improved services. This will build on the advice and guidance we have had from the Southern Water Customer Challenge Group on the development of this plan.”

Our promise to you

– Improved service to you and your community. Increase the number of customers who feel our service meets their individual needs and those of their community. This will be measured through regular satisfaction surveys and we will report on our performance. We will carry out research to establish how we are currently doing. This will help us set a clear target for improvement.
A service that reflects local issues and concerns – Significant improvement required

It will cost under £1 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You would like to hear more from us about the issues that affect you and your local area directly. As with other areas, you want us to make improvements quickly and we’re already working to do that.

In the long term, we want to be recognised as a leading company in the way we work with customers and the communities we serve.

Our plans for 2015 to 2020

We'll make sure we are a good neighbour, playing an active role in the communities we serve, making our voice heard on local issues, helping co-ordinate joint working to resolve problems, such as flooding, and building and maintaining local links.

When we are working in your area, we’ll let you know via letter, face-to-face drop-in sessions and text updates.

We’ll continue to work with local police and community groups to help protect you from bogus callers – people trying to trick their way into your home by pretending to be from Southern Water, or other utility companies.

As well as this, we’ll:

– Spend more time talking to organisations, including local councils and charities, to better understand local priorities. We’ll then work with those organisations to improve the services we offer

– Publish information on how well we’re performing in each of the counties we serve

– Continue to promote water efficiency and other community campaigns via local organisations, such as schools, community groups, allotment associations and South and South East in Bloom.

Our promise to you

– Improved service to you and your community.

  Increase the number of customers who feel our service meets their individual needs and those of their community.

  This will be measured through regular satisfaction surveys and we will report on our performance.

  We will carry out research to establish how we are currently doing. This will help us set a clear target for improvement.

This promise also applies to ‘Understand and address your needs, concerns and expectations’ on page 16.
A constant supply of high-quality drinking water

What we will achieve

You expect us to provide you with a constant supply of high-quality drinking water, now and in the future. In particular, you want us to be able to cope with the challenges of changing weather patterns and population growth, without the need to impose restrictions, such as hosepipe bans.

The promises we’re making about how we will provide you with a constant supply of high-quality drinking water are set out below.

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<th>Details</th>
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<td>No restrictions on water use, unless there are at least two dry winters in a row.</td>
<td>For example, no hosepipe bans. Current record: Once every six years.</td>
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<td>Reduce leakage by 2020.</td>
<td>Target of 86 million litres a day in leakage by 2020. This equates to a reduction in leakage of almost two million litres a day by 2020.</td>
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<td>Aim for 100 per cent compliance with drinking water quality standards.</td>
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<td>At least maintain current performance of 99.93 per cent.</td>
<td>Increased customer understanding through better information and advice. This will be measured through regular surveys.</td>
</tr>
</tbody>
</table>

What we will do

We have a clear plan to deliver the improvements you want from us. This includes the following:

- Working to make sure we have enough water to meet demand despite a growing population, economic growth, stricter laws on how much water we can take and the effects of changing weather patterns
- Ensuring our 13,800 kilometres of water mains remain reliable and have enough capacity to cope with new demand
- Working with others, such as farmers, to reduce the amount of pesticides which get into rivers and underground water sources, reducing the need for more expensive treatment to remove these chemicals from drinking water
- Changing the way we run our supply network, along with investment to upgrade pumps and renew water mains. This will prevent new pressure problems arising as demands on our network increase
- Improving the support and advice we provide on reducing the effects of hard water in homes and businesses.

Your bill

31 per cent

of your bill will go towards providing you with a constant supply of high-quality drinking water (based on a combined water and wastewater bill).
Find out more

A reliable water supply, now and in the future – Improvement required

£ It will cost a total of £592 million to deliver the service you expect in this area from 2015 to 2020

Water for the future

Meyrick Gough, Water Quality and Policy Manager

‘We’re using a groundbreaking new approach in our 25-year Water Resources Management Plan to develop more resilient water supplies for our customers.’

What you expect from us

No matter what future challenges we face, you expect us to provide a reliable water supply. You want your water supply to be more ‘resilient’ – better able to withstand the challenges of extreme weather, such as drought and a growing population.

Over the next 25 years, we will do the following:

– Prepare for harsher droughts to create a more resilient water network and reduce the risk of water restrictions
– Adopt new approaches to how we manage water, including water re-use, underground storage and desalination, to make your water supplies more resilient
– Develop a ‘mini grid’ in the South East by connecting more of our water network to other water companies. This will make it easier to move water around our region and share supplies
– Reduce leakage from our water network from our current target of 88 million litres a day by 2020 to 78 million litres a day by 2040. This is a slight increase on the target of 75 million litres per day set out in our draft Water Resources Management Plan.

However, when the plan is updated in five years’ time, we will re-evaluate this long-term target again to drive it down even further. We will continue to take into account new technology, which will make our work to reduce leaks even more effective.

We have increased the number of schemes to reduce the amount of water lost through leaking pipes from 2015 to 2025. This will change the leakage target to 82 million litres of water per day by 2025, saving an extra 1.5 million litres of water per day compared to the target in the draft plan.

– Use technology to make your water supply more reliable. For example, by putting sensors and monitors in our water mains we will be able to spot and deal with problems before they affect you.

Our plans for 2015 to 2020

□ Providing for growth and making our water supplies more resilient

We will make sure we have enough water to supply all our customers despite a growing population, economic growth, stricter laws on how much water we can take from the environment and the effects of changing weather patterns.

This will reduce the chance of water restrictions, such as hosepipe bans, being needed from once every six years in parts of our area to once every 10 years across the region.

The likelihood of more extreme water restrictions, such as water supplies being cut off for part of the day or communal taps in the street, will fall from once every 80 years, to once in 200 years. Our 25-year Water Resources Management Plan sets out our plans in detail.
These include:

– More schemes to help customers save water, energy and money. There was very strong support from our customers for water efficiency during the consultations on our draft plans for the future.

In response, we have included additional water efficiency schemes for homes and schools, as well as small, medium and large businesses across our region, with the majority of these scheduled for 2015 to 2020.

These schemes are a cost-effective way of reducing pressure on local water resources. They will provide customers with practical support and advice on how they can reduce the amount of water and energy they use.

We will also work with local councils and planners to make sure new developments, such as new housing estates, are as water efficient as possible.

– A further reduction in leakage of almost two million litres a day to a daily total of 86 million litres by 2020.

Our leakage record per household is currently the best of all the main water and wastewater companies in England and Wales, with 15.6 per cent of the water we put into supply lost through leaks on our network of pipes, as well as customers’ pipes.

There will be three key areas where we will work to reduce leakage. These are the Isle of Wight, Worthing in West Sussex and Hastings in East Sussex.

We will also renew a further 30 kilometres of water main pipes in Chatham, Kent (see page 23 for more details).

– New pipelines to help move water around our region and share supplies with South East Water and Portsmouth Water. This will allow us to move water supplies to where they are most needed and is part of our long-term plan for a mini-grid covering the South East

– Investigating future opportunities for water re-use, desalination and trading water licences. We will also explore how sustainable our current water sources are for the future.

In our Western supply area, covering Hampshire and the Isle of Wight, we will reduce the amount of water we take from the River Itchen to help protect it, while continuing to meet demand. This is a sustainability reduction as part of the Water Framework Directive, European and UK law aimed at delivering a better water environment.

We will achieve the above by doing the following:

– Introducing a scheme to upgrade our Testwood Water Supply Works and build a pipeline to pump water taken from the River Test to our water supply works at Otterbourne near Winchester

– Increasing flows in the River Itchen using water from an underground source

– Transferring 10 million litres of water a day from Portsmouth Water

– Introducing a range of water efficiency schemes for homes, schools and businesses.

To ensure we also balance the amount of water we take from the River Test, we will voluntarily change our abstraction licence for how much water we take from the river and how often.

We will also build a new service reservoir at Andover to improve the resilience of supplies to 53,000 people in this area.

The key schemes in our Central supply area (covering North Sussex, Worthing and Brighton and Hove) are:

– A restructuring of the collection of wells from which we draw water near Pulborough in West Sussex. This will enable the wells to operate more efficiently all year round. There will be no increase in the amount of water we take overall

– Stage one of a new pipeline to allow greater movement of water in the north of Sussex

Our Eastern supply area is made up of Medway and Thanet in Kent, as well as Hastings in East Sussex. Here, we will be working with the Environment Agency to modify some of our key abstraction licences on the River Medway.
This will allow us to take more water in the winter when the river levels are higher and less in the summer when the levels are lower. We will also build a new pipeline to allow us to more easily move water around the Medway area.

We will carry out restoration work on the Little Stour river, enabling us to continue taking water from it. We will also make changes at a number of our water sources and supply works across the region. The changes will allow us to extract more water when it is most needed, without harming the environment.

We will put flood protection measures in place at our water supply works at Testwood in Hampshire, Hardham in West Sussex and Bowcombe and Carisbrooke on the Isle of Wight. This will help make sure they are not affected by flooding from rivers after heavy rain. This will, in turn, help us maintain a reliable supply for you.

Operating and maintaining our water network and water supply works

We’ll make sure our water mains remain reliable so that you experience no more interruptions to your supply than you do now, because of a burst main, for example.

We’ll also make sure our network has enough capacity to cope with new demand.

We’ll replace or refurbish about 310 kilometres of water mains by 2020. That represents two per cent of our total network. Mains replacement is expensive, so we’ll carefully target this investment to ensure it delivers the best value for money.

We’ll also continue to replace communication pipes, which connect our water mains to customers’ supply pipes, because our analysis shows these are a source of bursts and leaks on our network.

We’ll also carry out work on key parts of our network, such as service reservoirs, pumping stations and our water supply works, to make sure we can maintain a reliable water supply. Two service, or storage, reservoirs, at Perry Hill in West Sussex and Cooks Castle on the Isle of Wight, will be particular priorities. We’ll extend our real-time monitoring and increase the control we have of our water network, enabling us to respond more quickly when problems occur.

Our promises to you

- No restrictions on water use, such as hosepipe bans, unless there are at least two dry winters in a row.
  A dry winter is defined as where there is less than 85 per cent of the long-term seasonal average rainfall.
  Current record: Once every six years.
  If we do impose restrictions in any other circumstances, we will pay a financial penalty.

- Reduce leakage by 2020.
  Target of 86 million litres a day in leakage by 2020.
  This equates to a reduction of almost two million litres a day.
  If we fail to meet this target, we will pay a financial penalty.

- No increase in the average time you are without water because of a burst water main, for example.
  Maintain performance of an average of nine minutes per customer per year.
  Interruptions to supplies are measured from the time we receive the first call from a customer about a loss of supply. These incidents are measured when the interruption is longer than three hours. This is because, unlike with electricity, people often only notice they are without water some time after their supply has been affected.
Drinking water quality at least as high as it is today – Maintain current service

It will cost a total of £176 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

Maintaining the quality of our drinking water at its current high standard is one of your highest priorities. It’s vital that you can trust the quality of water that comes out of your taps.

You’re also keen for us to tackle the small number of problems where drinking water has an unusual taste, smell or colour, if it is cost-effective for us to do so.

Over the next 25 years we will do the following:

– Work more closely with farmers, landowners and businesses to reduce the amount of pesticides and chemicals which get into rivers and underground water sources. This will reduce the need for us to invest in more expensive treatment methods to remove these pesticides from drinking water

– Target investment at our water supply works to ensure they continue to operate reliably and enable us to continue to meet the required quality standards for drinking water

– Focus on replacing water mains that cause the most problems with the taste, smell and colour of your water supply.

Our plans for 2015 to 2020

□ Building partnerships

We’ll establish partnerships with land-users to reduce the level of chemicals, especially from fertilisers, that get into our water sources. For example, we will work with the South Downs National Park Authority to manage nitrates around the Brighton area so that we do not have to carry out additional treatment at our water supply works.

□ Operating and maintaining our water supply works

We’ll be investing in improved treatment processes at a number of our sites where the levels of nitrates from fertilisers or pesticides in the water we treat have already increased. These sites are:

– Gore in Kent
– Brede and Beauport in East Sussex
– Findon, Sompting, Shoreham and Burpham in West Sussex
– Chilbolton in Hampshire.

As well as routine maintenance of our sites, we’ll refurbish the treatment processes at more than half of our water supply works to make them more effective and efficient.

□ Targeted improvement of water mains

We’ll continue to clean, repair and replace our water mains where they may be affecting the taste, smell or colour of the water.

This will include renewing 30 kilometres of pipes in the second phase of our mains replacement scheme in Chatham, Kent, to improve the supply of water to 12,900 customers. We have already replaced almost 48 kilometres of mains in this location.

Our promise to you

– Aim for 100 per cent compliance with drinking water quality standards.

At least maintain current performance of 99.93 per cent.
Acceptable water pressure – Maintain current service

It will cost a total of £9 million to deliver the service you expect in this area from 2015 to 2020.

Our plans for 2015 to 2020

We’ll take action to prevent new pressure problems arising as demands on our supply network increase. This will include changing the way we run our network, along with local investment to upgrade pumps and renew water mains.

We’ll also continue to replace the pipes that lead from our water mains to your property where they’ve reached the end of their useful life and may be contributing to low pressure.

We’ll provide more information on mitigating the effects of low water pressure so you can make changes yourself. We’ll also make sure we have knowledgeable staff available to provide you with tailored face-to-face advice on what you can do in your homes and businesses.

What you expect from us

Persistent low pressure is a problem for a small number of customers. This can affect how well showers, boilers and other household appliances work.

As demand for water increases and more households connect to our supply network, you expect us to make sure problems with low pressure do not affect more customers.

Over the next 25 years we will do the following:

– Make sure the number of households having problems with water pressure does not increase as new housing and business developments connect to our network

– Solve persistent pressure problems and give affected households one-to-one advice on changes they can make to eliminate issues with their plumbing systems.

Our promise to you

– No increase in the number of households suffering from persistent low water pressure.

Currently less than 0.1 per cent (257 households) of properties we supply.

This measure is based on the number of customers at risk of receiving inadequate pressure on an ongoing basis. The minimum required standard is equivalent to the pressure needed to fill a one-gallon (4.5 litre) container in 30 seconds.
Reductions in water hardness – Maintain current service

It will cost under £1 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You find the hard water in our region inconvenient, especially those of you who use water in your businesses.

We take 64 per cent of the water we supply from underground sources, many of which are in areas made up of chalk. This means the water naturally contains higher levels of calcium and other minerals than water found elsewhere – something which does not affect the quality of the water, but does make it hard.

Rather than significant investment, you expect us to provide you with more information so you’re better placed to manage the effects of hard water in your homes and businesses.

Over the next 25 years, we will do the following:

– Improve the advice we provide to customers who find hard water a problem and make that advice more widely available

– Work with manufacturers of water-softening products, so we can offer these to our customers at discounted prices.

We’ll explore new technology or techniques for softening water. If they’re cost-effective, we’ll talk to you again about how we should invest in them.

Our plans for 2015 to 2020

We’ve already updated our website so you can find information about water quality, including hardness, for your postcode.

We will raise awareness of how households and businesses can reduce the effects of hard water.

To do this, we’ll:

– Develop information and advice for customers on managing water hardness

– Make sure our staff are trained to give you advice tailored to your specific concerns.

Our promise to you

– Help reduce the effect of hard water in homes and businesses.

Increased customer understanding through better information and advice.

This will be measured through regular surveys and we will report on our performance.

We will carry out research to establish how we are currently doing. This will help us set a clear target for improvement.
Removing wastewater effectively

What we will achieve

You expect us to maintain our sewers and wastewater pumping stations to remove wastewater effectively for you and future generations.

It's very important to you that we work harder to reduce flooding from our sewers.

The promises we’re making about how we will remove your wastewater effectively are set out below.

<table>
<thead>
<tr>
<th>What we will do</th>
<th>Your bill</th>
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<tbody>
<tr>
<td>- Working to make sure our 39,600 kilometres of sewers and 2,385 wastewater pumping stations are well maintained to provide you with a reliable service. This will include replacing or refurbishing about 224 kilometres of sewers</td>
<td>30 per cent of your bill will go towards removing your wastewater effectively (based on a combined water and wastewater bill).</td>
</tr>
<tr>
<td>- Focusing on reducing the risk of blockages, which are a major cause of flooding from sewers. This will include carrying out targeted surveys of our sewers using cameras and regular sewer cleaning work</td>
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<tr>
<td>- Continuing to carry out routine maintenance at our pumping stations and treatment works to help reduce smells. We'll also run all of our sites in a way that keeps smells to a minimum and invest in specialist odour-control equipment to tackle long-standing problems.</td>
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Providing a reliable and effective wastewater service, now and in the future - Maintain current service

It will cost a total of £426 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You want us to maintain the current high level of service, now and for future generations.

This includes managing the additional demand from housing and business development across the region and ensuring our network is resilient and able to cope with the challenges of the future, such as more extreme weather patterns.

Over the next 25 years, we will do the following:

– Make sure we can meet increased demand from a growing population and new housing and business developments. We will do this by working closely with local councils and other organisations involved in planning. This will enable us to create the extra capacity in our system when and where it’s required.

– Use new technology, such as live monitoring systems. This will allow us to pinpoint and solve problems in our sewer network before they cause you problems, as well as give you warnings about the risk of flooding. It will also help us manage the effects of more extreme weather patterns to make sure these do not harm the quality of service you currently receive.

Our plans for 2015 to 2020

☐ Providing for growth

As a result of new housing and business developments by 2020, we expect to connect an extra 75,000 properties to our wastewater network and serve an extra 171,000 people.

We’ll make sure the service you receive doesn’t suffer as a result of this extra demand on our network.

We’ll achieve this by doing the following:

– Working with developers to encourage them to put in sustainable drainage systems, such as drainage ponds, to manage rainwater run-off from roads and homes. This will help us manage additional demand on our sewer network.

– Working with local councils and planning bodies to have a good understanding of expected population growth and future housing and business developments. This will enable us to plan effectively to meet future demand.

– Examples of this include the upgrade work we’re carrying out in Hailsham in East Sussex and Horsham in West Sussex, where significant development is expected. This will make sure we can accommodate additional properties in these areas.

☐ Operating and maintaining our network of sewers and pumping stations

We’ll make sure our 39,600 kilometres of sewers and 2,385 wastewater pumping stations are well maintained to provide you with a reliable service. Our network is made up of foul, surface water and combined sewers.

Between 2015 and 2020, we’ll replace or refurbish about 224 kilometres of sewers. Because of the very high cost of replacing sewers, we’ll target the parts of our network where we know we can bring about the greatest benefits. We’ll also carry out more sewer cleaning to prevent blockages.

We’ll put more resources into keeping our drainage plans up-to-date so we fully understand how much capacity we will need for the years ahead.
Tackling local problems

Over the last two years, heavy rain in some areas has caused problems with infiltration – water in the ground working its way into our sewers. This can flood our sewers, reducing their ability to deal with the normal demands of wastewater from homes and businesses.

We’re already spending £8 million to address issues at the worst affected locations across our region.

We’ll carry out further detailed technical investigations to understand how we can tackle this problem more widely. Investigating the local causes of infiltration will help us design the most cost-effective solutions to deal with it. This will help us keep our sewers working as they should. It will also reduce our reliance on tanker lorries to remove wastewater when our sewers are flooded, helping us save money.

Integrating newly-adopted sewers and pumping stations

In October 2011, we took over responsibility for an estimated 17,500 kilometres of shared drains and sewers connecting your properties to our network.

This was a result of changes in the law covering all wastewater companies in England and Wales. From 2016, we’ll also take responsibility for about 640 pumping stations that are currently owned privately.

We’re already removing blockages from these sections of sewer when they occur – currently 11,300 each year. We have also started integrating the sewers into our network.

From 2015 to 2020, we’ll continue to ensure they are operating effectively and are maintained to the same high standard as the rest of our system. We expect to replace up to 78 kilometres of the sewers we have recently taken responsibility for. We’ll also operate and maintain the pumping stations we adopt so they work effectively.

Our promise to you

- No increase in the number of blockages in our sewer network. This is a good indication that our system is performing well.

  Currently 23,000 blockages a year across 39,600 kilometres of sewers.

Minimise flooding from sewers and prevent wastewater from entering properties – Significant improvement required

It will cost a total of £268 million to deliver the service you expect in this area from 2015 to 2020.

What you expect from us

Reducing the level of flooding from sewers is a top priority and you expect us to deliver significant improvement in this area.

Over the next 25 years, we will do the following:

- Work to prevent all incidents of sewer flooding in homes, businesses, gardens or local neighbourhoods. This will involve investing to replace or refurbish sewers that are in poor condition, don’t have enough capacity or are known to cause flooding

- Work with local councils, planners and highways authorities to tackle the risk of sewers flooding as a result of rainwater run-off from roads and buildings entering our network

- Use new technology, such as live monitoring of our sewer network, to spot problems and take action before they affect you

- Step up our work in the community to help prevent blockages caused by wet wipes and fats, oils and grease. We’ll do this by providing better information on what should and should not be put down the sink or the toilet and by extending our fat-collection service and distributing free ‘fat traps’. You can find out more in Section 7 of this plan.
Our plans for 2015 to 2020

We’ll bring down the risk of sewer flooding and make sure we significantly reduce flooding inside homes and businesses from sewers.

We’ll focus on reducing the risk of blockages, which are a major cause of flooding from sewers, by:

– Carrying out targeted surveys of our sewers using cameras
– Carrying out regular sewer cleaning work, targeted at areas with particular issues
– Removing tree roots that have pushed through into our sewers
– Carrying out publicity and education campaigns to encourage more people to responsibly dispose of items such as nappies, wet wipes and cooking oil, rather than flushing them down the toilet or putting them down the sink.

We will also do the following:

– Carry out work at our wastewater pumping stations to prevent equipment failures
– Work with local authorities and other partners to tackle local flooding issues. This will include looking together at the long-term flood risks. Further details can be found in the panel opposite
– Tackle sewer flooding at particular problem areas by improving the sewer network in these places.

We’ll make sure flooding from sewers to outside areas doesn’t increase in the years ahead. We’ll prioritise the most cost-effective schemes and safeguard our schools, hospitals and children’s play areas.

Working together

Andy Adams, Wastewater Infrastructure Manager

‘Flooding of roads, gardens and homes from rainwater run-off has been a long-standing issue in parts of Middleton-on-Sea in West Sussex. This is due to a number of causes, including local land drainage and water in the ground getting into the sewer network.

‘To tackle the problem, we joined forces with the Environment Agency and West Sussex County Council as well as the local residents’ association and parish council. A detailed investigation was carried out to pinpoint the key causes. This drew upon all available reports of flooding in the past as well as the findings from site visits, meetings with residents and a survey of local households.

‘Having made a joint decision on the best solution overall, we’re now finalising a plan to carry out the improvement work that’s needed.’

Our promises to you

– Significant reduction of 25 per cent in sewer flooding inside your homes and businesses by 2020.

Number of incidents brought down from 2,755 to 2,070 by 2020.

If we fail to achieve this target, we will pay a financial penalty and refund two years’ worth of wastewater charges to those affected. If we are able to go further and tackle more problems in a cost-effective way, we will benefit financially.

– No increase in the number of incidents of sewer flooding affecting outside areas.

Maintain performance at 9,700 incidents a year.
Limit unpleasant smells – Improvement required

It will cost a total of £12 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You want us to tackle smells from our wastewater treatment works and pumping stations. Although not a priority for significant investment you expect us to tackle the worst and longest-standing cases quickly.

Over the next 25 years, we will do the following:

- Work with planners and developers to get funding for odour control equipment at our works. This will mean people moving into housing developments built near our wastewater treatment works should not be affected by unpleasant smells from these works
- Continue to adopt new technology and design to manage our wastewater treatment more efficiently and effectively. This will help to prevent smells.

Our promise to you

- Reduction of five per cent in complaints about smells from our wastewater treatment works and pumping stations by 2020.
- Number of complaints brought down from 423 to 403.

Our plans for 2015 to 2020

We will continue to carry out routine maintenance at our pumping stations and treatment works, which will help reduce smells.

We’ll also make sure we run all of our sites in a way that keeps smells to a minimum.

We will invest in specialist odour-control equipment to tackle long-standing problems at our works at Portswood in Hampshire and Tonbridge in Kent. This will benefit 3,300 customers.
Looking after the environment

What we will achieve

You expect us to play a major role in looking after the environment. This includes taking the lead in working with local landowners, land-users, councils, community groups and others to achieve this.

A key area on which you want us to focus is raising the quality of our region’s coastal waters.

The promises we’re making on how we will protect the environment are set out below.

What we will do

We have a clear plan to deliver the improvements you want from us. This includes the following:

- Working with others, such as farmers, on innovative ways to manage water in the environment
- Working to make sure our 368 wastewater treatment works are well operated and maintained so they continue to provide a reliable service, treat wastewater to the required quality standards and can cope with growing demand
- Carrying out detailed investigations to identify, and then control, sources of pollution to help us improve the quality of local beaches and coastal waters
- Installing our first wind power units at two of our sites. These will generate 14 Gigawatt hours of renewable energy, enough to power 4,200 homes for a year
- Beginning to plan and operate our water supply and wastewater operations as one integrated cycle. This will help us meet rising demand for our water and wastewater services, while looking after natural resources.

Your bill

32 per cent of your bill will go towards looking after the environment (based on a combined water and wastewater bill).
Rivers and streams free from pollution – Improvement required

It will cost a total of £760 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You want us to deliver further improvement in the quality of water in that way, and we agree we must play our part.

You recognise that we have to continue to improve water quality to comply with new environmental laws and support the improvements we will be making.

Over the next 25 years we will do the following:

– Manage the impact of population growth and increased demand for our services while ensuring there is no drop in the current high standard of rivers, streams and watercourses

– Invest in, maintain and operate our water supply and wastewater treatment works to comply with all existing and future quality standards set by the Environment Agency. We’ll target investment at the works that allow the greatest improvement to water quality

– Aim to have no pollution in your local rivers and watercourses when we return water to the environment from our wastewater treatment works.

Our plans for 2015 to 2020

Improving the local environment

As a priority, we’ll work with other water users, such as farmers, on innovative ways to manage water in the environment.

For example, we are looking to work with local landowners near the Loxwood stream in West Sussex to reduce the amount of phosphorous entering the watercourse. These catchment management techniques will reduce the need for investment in costly new treatment processes at our works. More information is set out in the panel below.

Doing things differently

David Tyler, Water and Wastewater Strategy Manager

‘We’re exploring different ways of working to help us look after the water environment across our region. For example, we will be working with farmers to help reduce the level of phosphorous entering local rivers by maintaining wider grass strips along the edges of fields.

‘Too much phosphorous can upset the natural balance of watercourses and affect fish and other wildlife. It comes from many sources, but mainly fertilisers, household cleaning products and human and animal waste. It can find its way into rivers and streams through run-off from farmland, drainage systems and treated water released from our treatment works.

‘We can tackle this problem through costly investment to upgrade our treatment works. Alternatively, we can embrace more innovative and collaborative ways to get the same or better results. This could include a less expensive upgrade of our works, combined with other solutions such as working with farmers and other land-users to change the way they manage land.’
We’ll target investment to increase the effectiveness of our wastewater treatment, improving the quality of water we return to the environment.

We’ll be making improvements at a number of our treatment works, including Hailsham and Scaynes Hill in East Sussex, to enable us to remove phosphorous, which is used in soaps and detergents and can upset the natural balance of rivers and streams.

This investment is necessary to meet the requirements of both the Water Framework Directive and the Habitats Directive and will help improve the quality of local rivers.

We will also invest so we can cater for population growth without harming the environment. For example, at Tangmere in West Sussex and Tunbridge Wells in Kent, we’ll upgrade our treatment works to accommodate expected growth.

As well as making improvements now, we will carry out a range of technical studies into the impact of our activities on the river environment, including on the rivers Medway and Stour in Kent and the Arun and Adur in West Sussex. This will help us target future work to improve our treatment and operating processes.

**Operating and maintaining our inland wastewater treatment works**

We’ll operate and maintain our 323 inland wastewater treatment works that return water to rivers and streams to cater for the expected additional demand for our wastewater service. It’s predicted that there will be 75,000 new homes and businesses by 2020 across the area we serve.

We’ll also increase levels of security at our key operational sites to ensure they remain safe and deter vandals and thieves whose actions can prevent treatment works operating effectively.

Our sewer system has overflows that operate at times of very heavy rain. These act as ‘safety valves’, preventing sewers becoming overloaded, which can cause flooding to homes, gardens and businesses.

We’ll ensure these overflows are effectively maintained and will invest to ensure all our overflows are added to our live monitoring network. This will enable us to take action as quickly as possible if issues occur.

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**Our promises to you**

- **No ‘serious pollution incidents’ affecting local rivers and streams caused by our operations by 2020.**
  
  There were six such incidents in 2012, with four more affecting coastal waters.
  
  Serious pollution incidents are those defined by the Environment Agency as having a major or significant impact on the environment. Our best performance is four such incidents in a year across our whole region.
  
  If we fail to meet this target, we will pay a financial penalty.

- **Aim for 100 per cent compliance by our wastewater treatment works with required standards.**
  
  At least maintain performance at 98.6 per cent.
  
  As the required standards change to reflect new laws, such as the Water Framework Directive, maintaining this level of compliance will require further improvements.
Clean beaches and coastal waters – Significant improvement required

It will cost a total of £223 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You want us to make sure your local coastal waters are of the highest quality and identified this as an area in which you want us to deliver significant improvement.

You value high quality coastal water for its positive effect on your health, as well as the contribution it makes to the economy by supporting tourism.

Over the next 25 years, we will do the following:

- Make sure all coastal waters around our region meet the new, stricter national standards being introduced from 2015
- Work to bring the quality of coastal waters at all the beaches in our region up to the standard required for Blue Flag status
- Increase our work with other organisations, such as local councils, landowners and local communities, to stop rainwater from towns and farmland polluting coastal waters.

Our plans for 2015 to 2020

Operating and maintaining our coastal wastewater treatment works

We’ll make sure our 45 coastal wastewater treatment works are well maintained so they continue to provide a reliable service. The treated wastewater they recycle into the sea will meet all required water quality standards.

This will help make sure it’s safe for you to swim in coastal waters and marine life will be protected.

We’ll make sure our coastal wastewater treatment works can cope with growing demand. We’ll also be carrying out work to protect local shellfish waters near our Millbrook and Slowhill Copse treatment works in Hampshire.

We’ll also improve security at our main sites. This will make sure they are more secure and better protected from vandalism and theft of equipment, which can affect our ability to run our sites effectively.

Improving coastal waters

The quality of coastal waters is affected by a number of factors. These include the quality of the treated wastewater that we recycle from our treatment works, rainwater run-off from roads and farmland, especially in wet weather, and local issues, such as waste from boats and fishing.

We’re committed to working with local councils, landowners, land-users, community groups and others to help ensure the waters along the 1,200 kilometres of coastline we serve are protected and, as far as possible, improved.

All 83 bathing beaches in our region meet the current European bathing water standard. 41 of these beaches are forecast by the Government to reach the new, stricter, ‘excellent’ water quality standard by 2020*. This standard must be met to be awarded Blue Flag status and comes into effect from 2015.

Because of how important this issue is to you, we want to go even further. We want to achieve the highest level of water quality at an extra seven beaches in our region, as long as this work is cost-effective.

To meet this goal, we will carry out detailed investigations at the 42 beaches which are not expected to attain the highest rating for bathing water quality by 2020. We will use the findings from these studies to help identify the seven locations we will target for improvement.

We’ll consider a range of different approaches to make sure we meet our target, prioritising our investment in areas which will bring you benefits quickly and in the most cost-effective way. We’ll also need to work closely with others, such as local authorities.

* Based on the 2012 assessment by the Department for Environment, Food and Rural Affairs (Defra).
**Tackling polluting sewer overflows**

Our sewers contain overflows. These act as ‘safety valves’ when the sewers become overloaded, usually as a result of heavy rain.

Some of these overflows are along the coast. This means that, at times, very diluted but untreated wastewater goes into coastal waters.

We’ll make sure these overflows are effectively maintained and we’ll continue to use live monitoring to check how they’re working so we can react quickly to any problems.

**Minimise carbon emissions and use wastewater for renewable energy – Maintain current service**

- It will cost a total of £43 million to deliver the service you expect in this area from 2015 to 2020

**What you expect from us**

You feel we should move ahead with investments in renewable energy that pay for themselves quickly to help avoid future increases in your bills because of rising energy costs.

Some of you are keen that we go further and make reducing carbon emissions a priority, but others are concerned this would increase customer bills.

Over the next 25 years we will do the following:

- Invest in generating renewable energy and become more energy-efficient. This can save you money through lower bills. For example, we’ll generate as much power as possible from the gases given off when we treat wastewater
- Explore new ways to produce energy from our wastewater treatment processes
- Look at water treatment technology that reduces carbon emissions
- Move to more fuel-efficient vehicles as we renew our fleet.

The above will help us to play our part in Government efforts to reduce the UK’s carbon emissions by 80 per cent by 2050.

**Our promises to you**

- **No ‘serious pollution incidents’ affecting local beaches and coastal waters caused by our operations by 2020.**
  - There were four such incidents in 2012, with six more affecting rivers and streams.
  - Serious pollution incidents are those defined by the Environment Agency as having a major or significant impact on the environment. Our best ever performance is four such incidents in a year across our whole region.
  - If we fail to meet this target, we will pay a financial penalty.

- **Increase the number of beaches with ‘excellent’ bathing water quality by 2020.**
  - 15 per cent increase – up from 41 to 48.
  - If we do not meet this target, we will pay a financial penalty. If we beat it, we will receive a financial benefit.

- **Aim for 100 per cent compliance by our wastewater treatment works with required standards.**
  - At least maintain performance at 98.6 per cent.
Our plans for 2015 to 2020

We recognise the range of views you have about how far and how fast we should invest to reduce our carbon footprint. However, you all agree we should make investments that will save money or provide protection against increases in future energy costs.

In the next five years, we’ll focus on energy efficiency and carbon reduction schemes that will give the fastest return on our investment. This means we’ll upgrade our equipment at five of our sites to generate more power from the sludge produced by treating wastewater.

We’ll also install our first wind power units at two of our sites. These will generate 14 Gigawatt hours of renewable energy, enough to power more than 4,200 homes for a year.

We already generate about 15 per cent of our energy needs from renewable sources. As our energy needs increase because of rising demand and higher treatment standards, the above will enable us to maintain the proportion of renewable energy we use.

Environmentally sustainable water and wastewater services – Improvement required

It will cost a total of £300 million to deliver the service you expect in this area from 2015 to 2020.

What you expect from us

You want us to work to protect your local environment as a priority. You’re aware we’re already making significant improvements and would like us to continue this work.

Over the next 25 years, we will do the following:

- Lead the way in promoting work with councils, landowners, land-users, other water companies and major water users to build a joined-up and co-ordinated approach to looking after the water environment
- Promote more water trading between ourselves, other water companies, farmers and industry to make the best use of the water
- Ensure the amount of water we take from the environment is sustainable so we don’t damage the delicate eco-systems of local rivers
- Continue to promote water-saving measures in homes and businesses. This will help us meet rising demand and avoid putting too much pressure on water resources
- Dispose of the sludge produced by treating wastewater in line with national standards and look at how we can use the sludge to generate more renewable energy.
Our plans for 2015 to 2020

**Sustainable water abstraction**

We will reduce the amount of water we put into our supply system. This is to make sure we don't damage the environment by taking too much water from sources, such as rivers and underground aquifers. This is despite the additional demand we'll face from expected population growth of 90,000 people across our water supply area by 2020.

We'll achieve this in a number of ways, including reducing leakage from our network by a further two million litres a day by 2020. We'll also give you advice on reducing the amount of water you use to help bring down average use by 15 litres per person, per day by 2020.

We will change the way we manage local water resources. For example, we'll revise our licence and take more water in winter from the River Medway in Kent when the river flows are higher, and less water in the summer when the flows are lower.

For the longer term, we'll carry out work to reduce the impact of how we take water from the environment across the region, including at Lukely Brook on the Isle of Wight.

**Integrated water management**

To meet rising demand for our water and wastewater services, while looking after natural resources, we'll begin to plan and operate our water supply and wastewater operations as one integrated cycle.

We'll also look at how we can link our operations to the needs and goals of others, such as farmers, local authorities and environmental organisations.

We've already started to do this. For example, under our plans to manage water resources in the future, we will re-use treated wastewater from our Ford treatment works in West Sussex to help boost flows in the western River Rother, particularly during droughts. This will help us continue to take water from the river at Hardham to meet demand without damaging the river.

In addition, we plan to run two pilot schemes on the River Test in Hampshire and the Eastern Yar on the Isle of Wight. These will enable us to explore how cost-effective restoration can improve a river’s ecology and water quality while, at the same time, allowing us to meet growing demand for water supplies.

We will also install a rainwater harvesting system at one of our wastewater treatment works to explore how we can reduce the amount of water used during the treatment process.

Finally we will extend our work with highways authorities, councils and developers to formulate joint plans for managing rainwater run-off to reduce the amount of run-off from roads and buildings that ends up in our wastewater system.

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**Our promise to you**

- Reduce the amount of water we take from the environment by 1.4 per cent, despite predicted population growth of four per cent.
Better information and advice

What we will achieve

You want us to provide you with better information and advice about our water and wastewater services. This will help you make informed choices about how you use them, as well as understand how we spend the money we receive through your bills.

The promises we’re making about how we will improve the information and advice we provide you with are set out below.

What we will do

We have a clear plan to deliver the improvements you want from us. This includes the following:

- Offering you the option of being visited at home by specially-trained staff to provide you with tailored advice and support to help you save water, energy and money. This will be part of wider changes to how we promote water efficiency.

- Improving the information and advice we provide to you on how you can help avoid blocked drains and sewers.

- Building on the £13 million upgrade of our billing system to provide you with clear, easy-to-understand and accurate bills.

- Making further improvements to the information we provide to you on how we are performing. This will help you better understand what we do, why we do it and how we spend the money you pay us.

Your bill

Under 1 per cent of your bill will go towards providing you with better information and advice (based on a combined water and wastewater bill).

By being more targeted and efficient in our approach we will make big improvements in this area at a relatively low cost.
Information on how to save water – Improvement required

It will cost a total of £5 million to deliver the service you expect in this area from 2015 to 2020.

What you expect from us

By 2015, 92 per cent of customers we supply water to will have a water meter. This is helping you save water, energy and money as well as protecting the environment.

You want us to provide you with better information on ways to save water and expect us to make improvements in this area as quickly as possible. We’re already working to do this.

In the long term, we’ll do the following:

- Continue to build on our industry-leading work to promote water efficiency and reduce the amount of water used
- By 2040, reduce and maintain the average amount of water use below 130 litres per person, per day.

Our plans for 2015 to 2020

We will make information and advice more widely available as well as be clear about how we can help you reduce your bills.

We will use the information we collect from each water meter to make our advice more relevant to our customers, whether they are gardeners, have a large family, or live alone.

We will visit customers at home, particularly those who are struggling to pay their bills, to provide tailored advice and support on how to reduce the amount of water and energy they use and cut their utility bills. Our staff will be able to install water and energy-saving products. We’ll aim to carry out 10,000 such visits by 2020.

In addition, we will:

- Build stronger partnerships with other organisations, so we can use their knowledge and skills. These partnerships will help us reach more of our customers and let them know the action they can take to save water
- Lead a new initiative to promote water efficiency across the South East. This will be in co-operation with other water companies in the region, the Environment Agency and other organisations
- Give you discounts on water-saving products and services
- Continue to lead the water industry in water efficient labelling on bathroom products to encourage people to buy items that use less water. We want to expand this to cover home appliances, such as washing machines and dishwashers, as well as gardening products
- Extend our award-winning education programmes to every primary school in our water supply area. Each school will be offered water-saving devices
- Continue to work on water and energy efficiency with community groups. We will offer grants to support projects as well as provide free water and energy-saving products
- Offer tailored advice to business customers, including a dedicated scheme for small and medium-sized businesses, and in-depth audits of water use for companies that use a lot of water. Further information can be found in the panel opposite.
Advice on avoiding blocked drains and sewers – Significant improvement required

It will cost £2 million to deliver the service you expect in this area from 2015 to 2020. (This is included in the costs for Minimise flooding from sewers, as detailed in Section 5).

What you expect from us

You want us to provide you with better information on how you can avoid blocked drains and sewers.

This will help reduce the number of blockages, helping us provide a reliable service at a lower cost. In turn, this will help keep your bills affordable.

This is an area where you want us to do much more as soon as possible. We want to lead UK water companies in reducing the flooding and pollution caused by things we pour down the sink, or flush down the toilet, resulting in blockages. In the longer term, we will work hard to increase public awareness of this issue.

Helping businesses save water, energy and money

Ben Earl, Water Efficiency Manager

‘It’s estimated that UK businesses lose billions of pounds each year by wasting water and energy. To help our business customers work more efficiently, we’re joining forces with the South Downs National Park to offer local companies the opportunity to cut their costs.

‘We’re trialling a new efficiency service that will include an audit of a business’ premises. This will help pinpoint savings that can be made on water and energy bills by installing water and energy efficient products, such as tap aerators and low-energy light bulbs. The service will offer a tailor-made approach for each business, with regular follow-ups to track the savings being made.

‘This is a further part of Southern Water’s ongoing efforts to help more customers save water, energy and money by providing individually-tailored practical advice and support.’

Our promise to you

− 10 per cent reduction (15 litres per person, per day) in average water use by 2020 with better advice on saving water, energy and money.

We will reduce average water use from 148 litres to 133 litres per person, per day.

If we do not meet this target, we will pay a financial penalty. If we beat it, we will benefit financially.
Our plans for 2015 to 2020

Our sewers are designed to take away wastewater and toilet paper, so wet wipes, fat, oil or grease can cause them to block. Every year, we clear about 23,000 blockages in our sewers. The number of issues we deal with has doubled since October 2011 when we took over about 17,500 kilometres of shared drains and sewers. These were previously the homeowners’ responsibility.

A large number of these blockages can be prevented if we work together. By providing better information on the causes, we will help reduce blockages in sewers and private drains.

We will target the parts of our network where sewer blockages are a particular problem. We’ll do this through a dedicated information and publicity campaign together with work, such as cleaning sewers with a stream of high-pressure water, known as ‘jetting’.

We will also do the following:

– Extend our fat recycling service, working with local charities which collect used cooking oil from local businesses and turn it into bio-diesel. This will not only help prevent blockages, it also helps protect the environment. More details are set out in the panel to the right.

– Work closely with business customers to help them understand the risks of getting rid of fat, oil and grease through the public sewer system and give them advice on the alternatives

– Give households better information on how to stop fat, oil and grease blocking drains and what should not be flushed down the toilet

– Continue working with schools, youth groups and community groups to raise awareness about the causes of blocked drains and build a better relationship with our customers of the future.

Fighting the fat

Maria Harrison, Press and Public Relations Officer

‘We had a particular problem in East Preston, West Sussex, with sewer blockages caused by fat, oil and grease being poured down kitchen sinks instead of being put in the bin. We joined forces with the charity Work This Way to set up and promote a cooking oil recycling scheme in the area.

‘During its first year, 650 litres of used cooking oil a month were recycled as bio-fuel instead of going down the plughole. During this period, the number of sewer blockages caused by fat, oil and grease in East Preston dropped from 119 in 2011 to 51 in 2012 – a reduction of 57 per cent. We plan to roll out this initiative in a number of other areas across our region.’

Our promise to you

– Improved advice on how to prevent blocked drains to help reduce blockages.

Increase the number of customers who know how to help prevent blockages in drains and sewers. This will be measured through regular surveys and we will report on our performance.

We will carry out research to establish how we are currently doing. This will help us set a clear target for improvement.
A clear, easy-to-understand bill – Significant improvement required

It will cost under £1 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You want your bills and the letters we send you to be clear and easy to understand and expect us to make this change straight away.

We’re already working on this and, once we have made these changes, we will keep listening to your views to make sure we are meeting your expectations.

All our bills and letters will be easy to understand and contain advice that is relevant to you. You will have the information you need to make decisions.

Our plans for 2015 to 2020

For many of you, the bill we send is the only contact you have with us. For some of you, your bill may raise questions or prompt you to contact us for more advice or help.

We are already spending £13 million to upgrade our billing system. This investment will help us provide an improved service to you with clear, accurate and up-to-date bills, plus the ability to manage your account online if you wish.

We have also re-designed our bills to make sure you can easily understand them. The new look bills we’ll soon be introducing have been developed through detailed research with customers. This means they are easier to read, with important information displayed more prominently and clear guidance on what action, if any, you need to take.

By sending you clearer bills containing the information you require, we will reduce the need for you to contact us. Not only will this be more convenient for you, it will also help us reduce our costs. These savings will be reflected in your bills.

Some of our customers’ water is provided by another water company. We will work with other water companies to make bills, letters and information clearer and provide a more joined-up service.

By 2015, most of the customers to whom we supply water will have a water meter and will be able to see how much they pay for the water they use. To help you manage how much water you use, we’ll do the following:

– Provide online information about the amount of water you use and let you receive your bill electronically and pay through our website

– Give business customers access to a detailed online breakdown of how much water they are using and offer tailored advice on how they can save water and energy. They will also be able to choose to receive a single bill for multiple sites.

Our promise to you

– A 50 per cent reduction in bill queries by 2020.

2012 to 2013. Number of bill queries = 49,000
Information about where your money goes – Significant improvement required

It will cost under £1 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

You care about value for money more than ever before.
You want to know how we spend the money we receive through your bills so you can be sure we are using it wisely to provide the services you expect.
Our long-term aim is for you to feel that we provide great value for money and have enough information about what we do. We will always be open and honest about our performance and what we are spending money on. We will clearly explain what we do and why we are doing it.

Our plans for 2015 to 2020

Our plans focus on open, honest reporting of how well we are doing as a company.

You can find out more in the panel on the right.

Sometimes things go wrong. We are committed to being much more open when this happens so you understand what happened and what we will do to fix it.

When we have made difficult choices, we will share these with you so you can judge whether we have made the right decision.

We know most of you can’t choose your water company and we want to set a high standard and give you a fair deal.

– Each year we will report on how we’re doing against the targets in this plan
– We’ll explain how the money you pay contributes to meeting each of the six priorities set out in this plan.

Being open and honest

Kevin Hall, Company Secretary

‘Our customers have told us they want to know more about what we do and why, how we’re performing and how we spend the money we receive through bills. This includes being clear about our costs, how much profit we make and how much tax we pay.

‘We’re committed to being open and honest with our customers. As we work to deliver this plan, we will provide them with regular updates on how we’re progressing so they have a good understanding of how we’re delivering on the promises we’ve made. We will carry out research with customers to identify the best ways to communicate these updates, such as via our website.

‘We’ve already improved our annual report, which has been re-designed to become a clear and easy to understand ‘one-stop shop’ for information about us – a good example of how we’re changing the way we provide a wide range of facts and figures about the company to meet customers’ needs and wishes.’

Our promise to you

– Customers provided with better information about what we do, why we do it and what it costs.

Increase the number of customers who understand how we use the money they pay us.
This will be measured through regular surveys and we will report on our performance.
We will carry out research to establish how we are currently doing. This will help us set a clear target for improvement.
Affordable bills

What we will achieve

You expect us to work more efficiently so we will deliver cost savings of £189 million by 2020. This will allow us to meet the promises set out in this plan with bills £20 lower per household, per year than they would otherwise be.

You also want us to continue helping you to save water in order to save money and we’ll further improve the industry-leading support we provide to customers in genuine financial hardship.

The promises we’re making about how we will keep your bills affordable are set out below.

What we will do

We have a clear plan to deliver the improvements you want from us. This includes the following:

- Investing £21 million to help us keep our costs to a minimum and your bills affordable over the longer term. This investment will focus on innovation, research and new technology

- Improving and expanding the advice and support we provide to you on saving water, energy and money. This will help you save money on your bills

- Expanding and improving the range of support we provide to customers genuinely struggling to pay their bills.

Your bill

under 1 per cent

of your bill will go towards ensuring your bills remain affordable (based on a combined water and wastewater bill).
More efficient services through research and technology – Improvement required

We will invest £21 million from 2015 to 2020 to help us keep our costs to a minimum and your bills as low as possible over the long term.

Our plans for 2015 to 2020

During the next five years, we’ll cut our total costs by £189 million.

This represents an average saving of about £20 a year for every household we serve during the course of this plan.

If we manage to make greater savings we will share these with you from 2020.

We’ll bring our costs down in a number of ways, including the following:

– Becoming better at buying the goods and services that we use and improving the way we plan and manage construction projects
– Improving the customer service we offer, including more online options, so you will have to contact us less. This will allow us to save on our costs
– Targeting our investment in our pipes and treatment and supply works more effectively and doing more routine maintenance
– Producing more of the energy we use from wastewater processes and wind power. This will save money and reduce the effect we have on the environment
– Reducing the energy and chemicals we use by improving how we monitor and control our network of pipes and supply and treatment works, and researching chemical-free water supply and wastewater treatment options
– Using new low-cost technologies to find and fix leaks. This will reduce leakage in an efficient way
– Working with others, such as farmers, to find solutions to local issues if this is more cost-effective than investing in more water supply and wastewater treatment processes. For example, working together to reduce the level of fertilisers (because of run-off from fields) in water sources.

What you expect from us

You want us to make the most of new technology by investing in research and working with others to bring you improved services at lower cost.

In particular, you want us to look at areas where there are existing issues or clear opportunities to get quick results. You don’t want us to take unnecessary risks, but you do expect us to challenge the way we do things right now.

Over the next 25 years, we will do the following:

– Expand our innovative approach to water resource planning (see Section 4 and 6 for details) to take a more ‘holistic’ approach to managing the water environment. This will look across the whole water cycle rather than at individual parts of it, helping us manage challenges, such as a growing population, economic development, protecting a sensitive local environment and climate change. These all impact on water resources and flooding
– Use new technology to monitor our water mains and sewers in real time so we can identify problems more quickly and maintain reliable services for you
– Explore water and wastewater treatment technology with a low carbon footprint to help us save energy and money
– Continue to assess the case for fitting smart water meters, which give you more information about your water use and allow us to identify the information and advice you need. Smart meters will also help us manage our water network more effectively
– Work with local universities to tap into the latest research and support more joint research with others. This will spread the cost of finding solutions to problems that affect the water and utility industries.
Five-year Business Plan 2015 to 2020

**Our promises to you**

– £189 million in efficiency savings made during 2015 to 2020 to help keep bills as low as possible.
  
  If we fail to meet this target, our shareholders will receive a lower return on their investment.
  
  If we manage greater savings than this, we will receive a financial benefit before these additional savings are reflected in your bills after 2020.

– Customers provided with better information on how we are providing value for money.

  Increase the number of customers who feel our services provide value for money.
  
  This will be measured through regular satisfaction surveys and we will report on our performance.
  
  We will carry out research to establish how we are currently doing. This will help us set a clear target for improvement.

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**What you expect from us**

You know you can make choices in the way you use water that will have an impact on your water and energy bills. You have asked us to help by providing information, practical advice and support.

Through our metering programme, we’re already leading the industry in promoting water efficiency and reducing the amount of water used. This programme has identified a clear link between water efficiency and energy efficiency – over 20 per cent of energy used in the home goes on heating water.

In the long term:

– Our ambition is for water efficiency to have the same public profile as saving energy and recycling

– We will explore the benefit of installing smart meters to provide detailed information on your water and energy use.

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**Our plans for 2015 to 2020**

We will help you use less water, which will help reduce your water and energy bills. We aim to reduce the average water use per person, per day by 10 per cent – from the current 148 litres to 133 litres by 2020. To do this, we will:

– Improve and extend our programme to give households advice and support to help them save water, energy and money. This will include working with organisations, such as the Citizens Advice Bureau, to offer customers a financial ‘health check’ to help them make the most of their income

– Offer home visits by specialist staff to provide tailored advice and support on how to reduce the amount of water and energy you use and so help you cut your bills. These teams will also be able to install a variety of water-saving and energy-saving products

– Offer you a wider range of free and discounted products, such as showerheads and toilet-flush devices, to help you save water, energy and money
- Continue to lead the water industry in water efficient labelling on bathroom products to encourage people to buy items that use less water. We want to expand this to cover home appliances, such as washing machines and dishwashers, as well as gardening products.

- Expand our programme of school visits to take in every primary school in our water supply area. Each school will be offered water-saving devices during these visits. We'll also teach pupils about water and energy efficiency in schools and at home to save money.

- Continue to work on water and energy efficiency with local community groups. We will offer grants to support projects, as well as free water and energy-saving products.

- Offer tailored advice to business customers, including a dedicated scheme for small and medium-sized businesses and in-depth water-use audits for companies that use a lot of water.

Help ensure everyone can afford their bills
- Improvement required

It will cost £2 million to deliver the service you expect in this area from 2015 to 2020

What you expect from us

The services we provide are essential for life and health. You are clear you want us to help our most vulnerable customers with their bills.

You told us we should work to make more people aware of the range of support we offer and make sure those most in need can tap into that support easily. You are keen that any financial support we offer is accompanied by clear and easy-to-follow advice on how to use less water.

In the long term, we will do the following:
- Continue to lead the water industry on affordability issues
- Take the lead with Government and other organisations to promote the approach of linking water efficiency with affordability
- Provide a wider range of tariffs to help specific customer groups
- Build better links with other organisations to help reach more customers
- Continue to develop our award-winning debt advice team to make sure we can help customers who are finding it difficult to pay their bills.

We will always take a responsible approach to helping our customers in debt, giving them good advice, helping them contact other support organisations and giving our support through assistance schemes.

We can’t solve the problems of debt alone, that’s a bigger issue for society. However, we have a part to play and will continue to do so.

Our promise to you

- 10 per cent reduction (15 litres per person, per day) in average water use by 2020 with better advice on saving water, energy and money.

  This will reduce average water use from 148 litres to 133 litres per person, per day.

  If we do not meet this target, we will pay a financial penalty. If we beat it, we will benefit financially.*

  * This promise also appears in Section 7 – Better information and advice.
Our plans for 2015 to 2020

We are already leading the water industry on supporting customers who struggle to pay their bills and want to build on this work. More details are set out in the panel below.

Supporting those who need it most

Paul Graham, Tariff Manager

‘We are already working hard to help households struggling in the current economic climate and reduce the amount of debt we’re owed. For example, we have an award-winning Debt Advice Centre, offering specialist support and advice to customers in genuine financial hardship.

‘We want to go further to offer households free face-to-face advice on how they can save water and energy and so cut their bills. This will include installing free water and energy-saving devices, such as water efficient showerheads. We’re currently using this approach to help around 55,000 households under our metering programme.

‘We will also work with organisations, such as the Citizens Advice Bureau, to help customers who are struggling to manage their money and introduce a new discounted social tariff to help people in financial difficulty.’

Our promise to you

Customers in genuine financial hardship provided with improved support.

Increase the proportion of customers who take up the support we offer around bills.

We will set a target to increase this proportion and will measure and report regularly on our performance.

We will carry out research to establish how we are currently doing. This will help us set a clear target for improvement.

Difficulty paying your bill?

If you’re having problems in paying your water bill, we can help in the following ways:

WaterSure
You may be entitled to a reduction in your bill if you have a water meter and use a large amount of water. To qualify, you must meet certain criteria.

Water Direct
If you’re claiming Income Support, Jobseeker’s Allowance, Employment Support Allowance or Pension Credit, Jobcentre Plus may consider paying us directly out of your benefits.

NewStart
If you’re able to start paying what you owe for the current year by regular instalments, we’ll pay the same amount for you from your arrears.

Charitable Trust Fund
The Southern Water Charitable Trust Fund can offer financial assistance in cases of extreme hardship.

Please visit www.southernwater.co.uk to find out more, or call freephone 0800 027 0363.
Your bill

Throughout the 18 months of detailed research carried out to help develop this plan, you have clearly told us how important it is to keep your bills affordable. You also want us to provide value for the money you pay us through your bills.

We are confident we can meet the priorities set out in this plan with average bills rising by 0.6 per cent less than the rate of inflation during 2015 to 2020. This compares to a typical rise in bills of about nine per cent above inflation from 2010 to 2015.

Our average annual combined water and wastewater bill for 2014 to 2015 (including inflation) will be £439. In 2019 to 2020, the average bill, without inflation, will be £432. Inflation is forecast to add £78 to this to make a total bill of £510.

Providing value for money

The services we provide 24 hours a day, 365 days a year, are vital for life.

Every day we supply 530 million litres of quality drinking water to almost 2.4 million people across the South East from 94 supply works and along 13,800 kilometres of water mains.

We also treat and safely recycle to the environment 730 million litres of wastewater from nearly 4.5 million people in our region each day. The wastewater arrives at our 368 treatment works having been pumped through a sewer network of more than 39,600 kilometres.

That works out at an average of about 320 litres of water supplied per household, per day and more than 290 litres of wastewater taken away, treated and recycled each day – all for a cost of less than £1.25.

We think this represents really good value for money and compares to the following household spending:

- £3.99 a day on average on gas and electricity
  Source: Ofgem, Electricity and Gas Supply Market Indicators, Aug 2013

- £1.31 a day on average on landline and mobile telephone services, including mobile data.
  Source: Ofcom, The Communications Market 2013

- £1 a day on a daily broadsheet newspaper

- £2.15 for a small latte coffee at Costa Coffee.

What it might mean for you

The table below gives you an idea of how much your bill could be under this plan.

It is based on the typical amount of water used by different sized households and types of businesses. For each example, we have assumed you have a water meter.

Under our plan, average bills will rise by 0.6 per cent less than the rate of inflation. For the figures below we have assumed inflation of 3.2 per cent for 2014 to 2015. For 2015 to 2020 we have used an inflation figure of between 3.2 and 3.5 per cent a year.

<table>
<thead>
<tr>
<th></th>
<th>2015 (incl. inflation)</th>
<th>2020 (incl. inflation)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single person, with no garden</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and wastewater services</td>
<td>£287</td>
<td>£333</td>
</tr>
<tr>
<td>Wastewater only</td>
<td>£185</td>
<td>£215</td>
</tr>
<tr>
<td>Water only</td>
<td>£102</td>
<td>£118</td>
</tr>
<tr>
<td><strong>Two-person household, with garden and no children</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and wastewater services</td>
<td>£462</td>
<td>£536</td>
</tr>
<tr>
<td>Wastewater only</td>
<td>£296</td>
<td>£345</td>
</tr>
<tr>
<td>Water only</td>
<td>£165</td>
<td>£191</td>
</tr>
<tr>
<td><strong>Couple with two children</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and wastewater services</td>
<td>£600</td>
<td>£696</td>
</tr>
<tr>
<td>Wastewater only</td>
<td>£384</td>
<td>£447</td>
</tr>
<tr>
<td>Water only</td>
<td>£216</td>
<td>£249</td>
</tr>
<tr>
<td><strong>Small business customer (trade effluent)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and wastewater services</td>
<td>£6,773</td>
<td>£7,859</td>
</tr>
<tr>
<td>Wastewater only</td>
<td>£4,359</td>
<td>£5,075</td>
</tr>
<tr>
<td>Water only</td>
<td>£2,414</td>
<td>£2,783</td>
</tr>
<tr>
<td><strong>Large industrial customer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and wastewater services</td>
<td>£224,509</td>
<td>£260,512</td>
</tr>
<tr>
<td>Wastewater only</td>
<td>£151,505</td>
<td>£176,404</td>
</tr>
<tr>
<td>Water only</td>
<td>£73,004</td>
<td>£84,160</td>
</tr>
</tbody>
</table>
Keeping your bills affordable

You have told us how important it is for us to keep bills affordable for everyone. We want to make sure all of you receive a bill you can afford and that everybody pays their fair share.

We know that for many of you your income has not kept pace with inflation over the last few years, putting a real strain on your household budget.

Independent forecasts suggest that from 2015 to 2020 incomes should begin to rise faster than prices, making water and wastewater services, on the whole, more affordable.

However, those with the lowest incomes are likely to see pay rises less than inflation. In these cases, even though water bills will rise by less than inflation, they will take up a bigger share of household income.

As a result, we will be providing extra support to those of you who need it. This will include face-to-face advice on saving water and energy, together with the installation of free water and energy saving products, to help reduce household bills.

In addition, we’ll work together with others, including the Citizens Advice Bureau and housing associations, to provide support and advice to customers who are struggling to manage their household budget. We’ll put people in touch with other organisations that may be able to help and we’ll launch a new discounted social tariff for those most in need.

In particular, we’ll help households with very low incomes, which are most likely to see their incomes fall, and increase the proportion of customers who take up the range of support we offer when in genuine financial hardship.

If you are having difficulty paying your bill, please see page 51 of this plan for details of how we can help.
A balanced plan

Throughout the development of this plan, we have been committed to ensuring it represents a reasonable balance of risk and reward for you, our customers, the company and our shareholders.

We have focused on a number of key areas to ensure:

– The plan will deliver our customers’ priorities
– The plan is based on reliable, accurate and efficient costs
– The plan will enable the company to earn a reasonable amount of profit to provide our investors with a fair return on their investments

As a result of this, we are confident that our plan has identified, assessed and mitigated the key risks in delivering the promises we are making. For example, the rate at which our network of pipes will need to be maintained and replaced.

The risks posed by unexpected issues, such as extreme weather, will be shared between the company and customers.

The amount of profit we earn for successfully delivering this plan and meeting the promises we are making will reflect the risks of running a business such as ours in a sector where there is no competition.

The cost of delivering our plan

We will need to spend about £3.2 billion from 2015 to 2020 to meet your expectations, ensure a good service for future generations and meet our legal obligations. This amount includes £189 million in efficiency savings to minimise our costs and provide better value for money.

The majority (98 per cent) of our income comes from the money you pay through your bills. We also receive money from developers, when they connect new properties to our network. Further revenue comes from supplying water to neighbouring water companies.

The rate of new housing development in our area means the number of customers we serve is growing.

Between 2015 and 2020 we expect to provide water to an extra 90,000 people and treat wastewater from an extra 171,000 people.

While this will add to our costs, it means the amount we need to spend to improve services is spread across more customers.

Our owners and investors

Southern Water is owned by Greensands Holdings Limited.

The shareholders of Greensands Holdings are a consortium of infrastructure funds and pension companies, with no single shareholder having majority control. The principal investors are Australian pension funds, a fund advised by JP Morgan Asset Management and a fund advised by UBS Global Asset Management.

Many investors are attracted to investments like water companies because they generally provide a steady, low-risk return on the money they put in. With pension funds, for example, this enables them to cover the costs of pension payments to their members.

Shareholders of Greensands Holdings are represented on our Board through two of seven non-executive Directors. Four non-executive Directors and the Chairman are independent of the shareholders.

Becoming more efficient

We have studied our costs and looked at how we can bring them down. As a result, we’re targeting savings of £189 million from 2015 to 2020 by being more efficient.

These savings, which represent about £20 per household, per year during the course of this plan, allow us to make the improvements you have told us you expect while keeping the effect on your bills to a minimum.
The key areas where we plan to operate more efficiently are:

- Improving the way we plan and manage big construction projects
- Improving the way we buy goods and services
- Making sure you will need to contact us less by improving the standard of customer service we offer, including providing more online self-service options
- Carrying out more routine maintenance and focusing our investment more effectively in our pipes and supply and treatment works to prevent problems arising.
- Finding joined-up solutions to prevent flooding and reduce pesticides in water sources by working with others, such as farmers or local authorities
- Saving money and reducing the effect we have on the environment by producing more of the energy we need from wastewater treatment and wind power.

**How we compare on efficiency**

As well as looking hard at our own costs, we have compared them with those of other water companies. This has shown that our water supply services are more efficient than average. In fact, our running costs are among the best in the water industry. However, our wastewater services are less efficient than some other water companies, so we have challenged ourselves to significantly reduce how much we spend in this area.

We have also commissioned independent analysis to compare us against leading companies in other sectors which carry out similar activities, such as billing customers. This has helped us identify more areas where we can make savings.

The £189 million of efficiency savings we will make will be reflected in your bills from 2015. If we manage to make greater savings from 2015 to 2020, these will be reflected in your bills after 2020.

**Risk and reward**

Water companies are considered to be ‘safe’ investments because the services they provide are essential for daily life.

Ofwat, our regulator, makes sure returns to investors are reasonable and fair. For 2012 to 2013, Ofwat’s industry-wide assessment of rate of return was 5.1 per cent (as measured as a percentage of the Regulatory Capital Value *).

Across the water industry the average actual rate of return for 2012 to 2013 was 5.25 per cent. Southern Water’s return for 2012 to 2013 was four per cent, or £169 million.

Even though investing in the water sector carries lower risks than other areas, it is important that we understand the risks we face and manage them, so we strike a fair balance between our customers and our shareholders.

In producing this plan, we’ve considered these risks in more detail than before to measure how we might be affected by them and how we can manage them better. The key risks are:

- The cost of energy increasing significantly. More than 20 per cent of our running costs go on paying for gas and electricity
- Extreme weather, such as droughts and heavy rain, having a major effect on our costs
- Large construction projects, such as treatment works, not being completed on time and on budget
- An unexpected rise in the rate of inflation, which could affect our income and the interest we pay on money we borrow.

Our analysis shows that, in all but the most extreme cases, these risks can be managed by our shareholders without the need to increase bills beyond the rate of inflation. Only in exceptional circumstances would we need to consider an increase in bills and we could do this only with the approval of Ofwat.

* The Regulatory Capital Value is a measure of shareholders investment at privatisation in 1989, updated to reflect new investment and depreciation.
Keeping our promises

There are also risks in delivering the promises we have made in this plan.

We have set ourselves challenging targets in the areas where you have told us you want to see the most improvement.

However, our performance against these targets may be affected by factors beyond our control, such as extreme weather. Some of our promises also involve working closely with partners, such as local councils, to co-ordinate action.

If we do not keep our promises, we think it is right that we should face a financial penalty (see the example in the panel on the right).

Therefore, we will link some of these promises to a range of incentives and pay a financial penalty if we miss the required target by more than a specified amount.

In a number of cases, we will benefit financially if we beat the required target by more than a specified amount. Further details on the promises with incentives attached can be found in the table on the page opposite.

During the consultation on this plan, 78 per cent of household customers and 82 per cent of business customers agreed we had selected the right areas to apply penalties and incentives to.

Any penalties we incur will be paid to customers in the form of a discount on their bills for 2020 to 2021.

Any benefits will be collected via customer bills over the course of 2020 to 2025.

If we keep all of our promises in this plan for the amount that we forecast, our shareholders will earn a fair return on their investment, but no more. They will earn higher returns only if we deliver over and above what we’re promising in the areas in which you would like to see improvements, or if we can deliver the plan for less.

If we don’t deliver on our promises, the financial penalties we face will mean our shareholders will earn lower returns. We think it’s only right that we face consequences if we don’t do what we say, so the penalties we will face are higher than the potential financial benefits.

Penalties and benefits

You have told us you are willing to pay more to reduce sewer flooding inside properties. Our plan is to reduce these incidents by 25 per cent by 2020.

If we miss our target, we would face a financial penalty. If we deliver a bigger reduction, we are proposing we should earn a financial reward.

Flooding can be affected by things outside our control, such as extreme weather. We propose the penalties and rewards would only apply if we missed the target – or beat it – by more than the normal weather-related variations in the measure.

This means we would not earn a reward just because the weather had been kind to us.
## Our Promises

<table>
<thead>
<tr>
<th>Incentive type</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penalty = – Benefit = +</td>
<td>N/A (please see page 14 for more details)</td>
</tr>
</tbody>
</table>

### Responsive customer service
- Direct compensation paid where we let you down: - only - N/A
- Be among the best in our regulator’s league table for customer satisfaction by 2020 (Service Incentive Mechanism / SIM): - / + - £38.9 million to + £19.5 million

### A constant supply of high-quality drinking water
- No restrictions on water use, such as hosepipe bans: - only - £16 million to £0 million
- Reduction in leakage to 86 million litres a day by 2020 (Equates to a reduction of two million litres a day): - / + - £2.5 million to + £2.5 million

### Removing wastewater effectively
- Significant reduction of 25 per cent in sewer flooding inside your homes and businesses by 2020: - / + - £14.2 million to + £6.7 million

### Looking after the environment
- No ‘serious pollution incidents’ affecting local rivers, streams and beaches caused by our operations by 2020: - / + - £2.8 million to + £1.9 million
- Increased number of beaches with ‘excellent’ bathing water quality by 2020 (Up by 15 per cent – from 41 to 48): - / + - £12.8 million to + £12.3 million

### Better information and advice
- 10 per cent reduction (15 litres per person, per day) in average water use by 2020 with better advice on saving water, energy and money (Also applies to Affordable bills): - / + - £2.7 million to + £2.7 million

### Affordable bills
- £189 million in efficiency savings made during 2015 to 2020 to help keep bills as low as possible: - / + - N/A (please see pages 48/49)
- Total range of - £89.9 million to + £45.6 million
Our profits

Every business needs to make enough profit to meet the interest charged on the money it borrows, as well as provide a fair return to its owners.

Companies like us, with large investment programmes, need to make enough profit to finance our investment. During the last 20 years, we have invested about £10 billion in our water and wastewater systems, providing more reliable services and reducing their effect on the natural environment.

To pay for this, we have re-invested profits and borrowed large amounts of money. We will have to take out more loans between 2015 and 2020 to pay for the improvements set out in this plan.

This plan aims to make sure we can make enough profit to maintain a strong credit rating. This demonstrates to lenders that we can pay the interest on what we have borrowed with a reasonable safety margin.

Our shareholders have invested more than £1 billion in our business and it is they who carry the risk of us needing to spend more than we have forecast. They will also meet the costs of any financial penalties we need to pay for not meeting our promises.

In addition, they carry the risks associated with external factors, such as changes in the rate of inflation or interest.

Like investors in any business they expect a fair return on their investment which reflects the risks of that business. Compared with many businesses, water companies are a relatively low-risk investment. That is reflected in the returns shareholders expect.

We have made allowances for a fair rate of return of 4.2 per cent (on the Regulatory Capital Value) in the overall cost of this plan. This is substantially lower than Ofwat’s assessment of 5.1 per cent for a fair rate of return during 2010 to 2015. This is because of a number of factors, such as the lower cost of borrowing.

Sharing our success

We think this plan achieves a fair balance between the risk our shareholders are taking and the potential rewards they could receive if we beat our targets.

However, sometimes things that are outside of our control can go materially in our favour. We call these windfall benefits. For example, if interest rates turn out to be significantly lower than we expect we may find we can deliver our plan for significantly less than we thought.

If that happens we think it’s only fair you should share in that success.

We are committed to exploring this with you in further detail as we deliver this plan. We will carry out further in-depth research to understand your views on how we could share any windfall benefits with you. This will help us develop a framework for the future.

Key points on our plan

– Our plan will deliver the improvements you, our customers, expect

– Under our plan, average bills will rise by 0.6 per cent less than the rate of inflation

– The plan contains a set of 26 clear promises for what we will achieve. We will report regularly on our performance against these commitments

– It will cost around £3.2 billion to deliver our plan

– This includes £189 million in efficiency savings to keep bills affordable and deliver value for money