

Response to Havant Matters Leakage Reduction

1. Introduction

Representatives of Havant Matters (havantmatters.org) met with Southern Water's CEO, Lawrence Gosden, on 10 April 2025 to discuss Revised Draft WRMP24 (rdWRMP24). During the meeting, Havant Matters provided written submissions on issues that are of key concern to them. These are:

1. Growth and demand forecasts used for the rdWRMP24
2. Alternative location(s) for Southern Water's abstraction on the River Itchen
3. The site used for locating the water recycling plant as part of the Hampshire Water Transfer and Water Recycling Project (HWTWRP)
4. Leakage reduction
5. Operational practices

We welcome Havant Matters' continued engagement on the HWTWRP. This document responds to the points raised in relation to point 4, leakage reduction.

Response

1. Our WRMP24 leakage plan is to reduce leakage by 53.1% by 2050, exceeding the commitment made to the National Infrastructure Committee to reduce by 50%. This will take Company leakage down to 48.1 MI/d, equivalent to 10% of predicted Distribution Input (DI) in 2050 of 488.8 MI/d.
2. In the Hampshire region (including the Isle of Wight) our WRMP24 plan is to reduce leakage to 14.2 MI/d. This equates to 8% of the forecast DI for Hampshire of 168.8 MI/d.
3. Over the AMP8 period we plan to reduce Company leakage to 66.3 MI/d, equivalent to 12% of the forecast DI for 2029/30 of 545.7 MI/d.
4. For the Hampshire region (including the Isle of Wight) our plan is to reduce leakage to 20.7 MI/d, equivalent to 11% of the forecast DI for 2029/30 of 192.3 MI/d.
5. The Ofwat assessment of water companies leakage performance ranked Southern Water as the 6th best performing company. This assessed leakage per km of pipe, property and DI to normalise performance across the industry.
6. Over the course of 2024/25 we have reduced leakage by 25.1 MI/d or 23.4%, from a starting position of 112.1 MI/d to an end position of 87.0 MI/d. This reduction is more than the average DI for the Andover WRZ (16.7 MI/d in 2023/24).
7. Our weekly leakage level is now at the lowest level since mid-July 2021 and the average for March 2025 was the lowest monthly leakage level since November 2020.
8. Our annual average leakage level has reduced from 107.5 MI/d to 97.7 MI/d (as an annual average), a reduction of 9.1%, and is currently 17.4% of DI (560 MI/d in 2024/25).
9. Our plan for 2025/26 is to reduce leakage further, to 80.4 MI/d – equating to a further 17.7% reduction.

10. We have invested significantly in network calming schemes during AMP7, which reduces both leakage and burst events, providing greater resilience to the network. We have delivered over 22 MI/d of benefit through new schemes and continued optimisation of existing schemes with over 13.5 MI/d of benefit delivered in 2024/25 alone.
11. Our 2025/26 plan continues to invest in this activity, targeting a further 16.5 MI/d of benefit. This is a more cost-efficient method of increasing resilience and leakage over the near term than mains replacement and provides a longer term benefit than traditional find & fix.
12. In addition to intelligent network control, our AMP8 strategy includes further increasing our coverage of sensors in the network, targeting on average 5 noise/pressure loggers per DMA (where appropriate).
13. We have invested significantly in noise logger capability over AMP7 and now have over 11,200 correlating noise loggers within the network (much higher than the 2,000 quoted in Section 2.1 of the Havant Matters response). This is equivalent to around 1 logger per 1.2 km of pipe.
14. In terms of leakage per km of mains, our end of AMP8 target of 66.3 MI/d equates to a leakage level of 4.94 m³/km/d at Company level. For Hampshire the equivalent figure is 4.0 m³/km/d.
15. This means, based on the Ofwat funded rate of £300/m, an MI/d of leakage reduction would require almost 200 km of mains replacement at a cost of c. £60m. In Hampshire the cost per MI/d increases to c. £74m. For comparison, pressure management costs c. £1m per MI/d. Actual mains replacement rates are likely to be higher than this, especially in the urban areas around Southampton.
16. Approximately 2115 km of pipe is estimated to have an average age of 75 years or more. Replacing this pipe over the next 25 years requires a replacement rate of 0.65% p.a. which is higher than the replacement rate allowed for by Ofwat in PR24, of 0.43% p.a.
17. Reducing leakage levels significantly below 10% will require significant asset investment. This is disruptive for customers due to the restrictions that would be imposed on road space as well as being an expensive option, and consequently no good value for customers.
18. Whilst other Companies are able to replace assets at a higher rate this is generally based on a larger network covering a larger geographical area with the result that disruption to customers can be minimised. Thames are an exception to this, as they cover London, but their replacement rates are closer to £2000/m than the £300/m we were funded in PR24.
19. Our performance over the last year, our investment in calm networks solutions and logging solutions shows that we are investing in sustainable and cost efficient measures to deliver significant leakage reductions as part of a sustainable plan to maintain the supply/demand balance. Maintaining this balance inevitably includes other demand reductions as well as new supply options to counter the reductions in abstraction needed to protect the environment.