

Let's talk water

Thursday 2 March

2:00pm – 4:00pm



Housekeeping



- Please mute yourself during presentations
- Please turn your camera on during the discussions (if your internet allows)
- If you have any questions during the presentations, please use the chat function and we will endeavour to respond
- After each presentation, you will be moved to breakout rooms for the discussions. These will start and end automatically. You don't need to press any buttons
- Please return promptly after the coffee break
- We would like to record today's workshop and take some photos. If you are not comfortable being recorded, please send a message in the chat xxxx
- After each discussion session, we will ask you to vote on a series of questions using Slido. You will need a mobile phone or iPad to vote so please have one handy
- Go to [Slido.com](https://www.slido.com) and enter the code **PENNON2022**



Introductions

Carolyn Cadman

Director of Natural Resources
South West Water

Nick Paling

Stakeholder Engagement Manager
South West Water

Michelle Davies

Head of Strategy
Bristol Water



What we will cover today

1. Welcome and update
2. Influence our Water Resources Management Plan
3. How Water Companies are funded and regulated
4. Update on Business Planning and how you can have your say

Close at 4:00



How we operate as a group

South West Water


 water services  wastewater services

 **c. 1.8 million**
population served

 **450 million litres**
of drinking water per day

Supplying Cornwall, the Isles of Scilly, Devon and small areas of Dorset and Somerset




 water services

 **c. 1.2 million**
population served

 **280 million litres**
of drinking water per day

Supplying the city of Bristol, and surroundings from our base in Bristol

Bournemouth Water

 water services

 **c. 500,000**
population served

 **140 million litres**
of drinking water per day

Supplying parts of Dorset, Hampshire and Wiltshire, from our base in Bournemouth

Popular
tourist
destinations




South West
Water

1/3
of all bathing
waters in
the UK




Important
mineral
extraction
industry

25,000
agricultural
land holdings

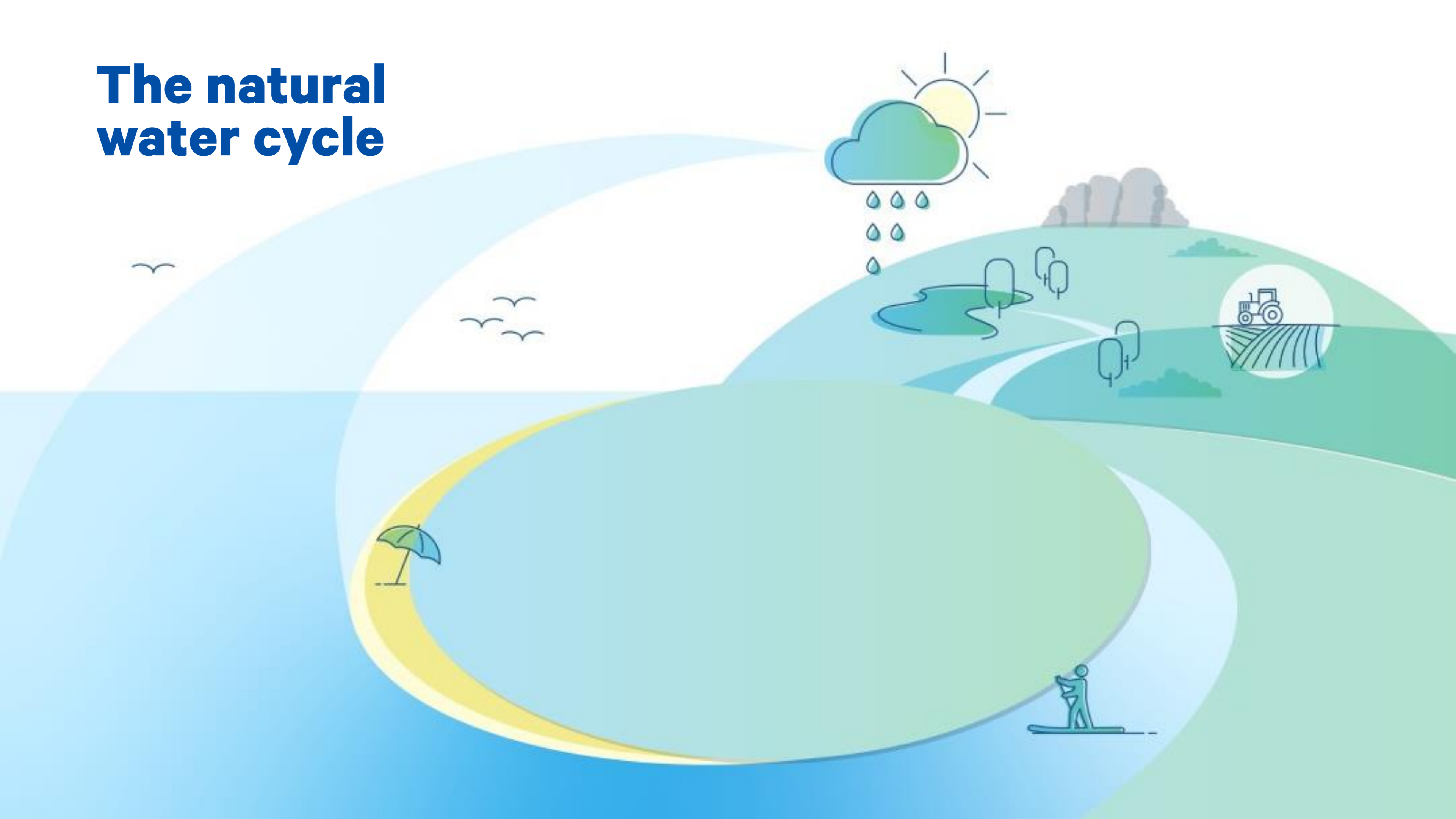

Bournemouth
Water



£2 billion
livestock industry



The natural water cycle

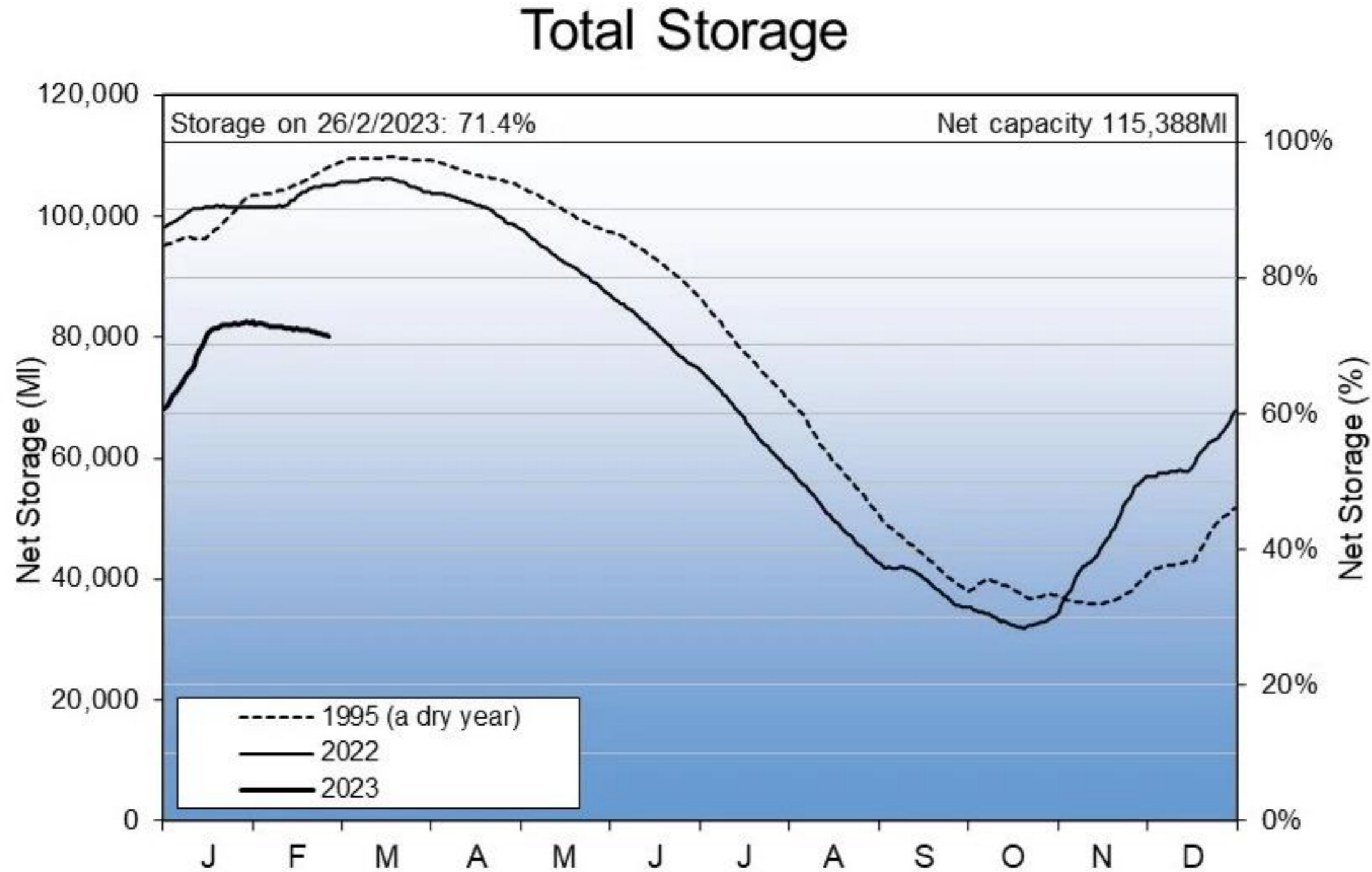


The social water cycle

- **resilient, safe, and affordable water supply and wastewater services**
- **a thriving natural environment**
- **excellent service**
- **support for vulnerable consumers**
- **act in the long-term interests of society and the environment**



1. Prolonged dry weather



1. What we are doing...

1. Safely taking spare water

- Converting drought permit abstractions to licences where possible

2. Identifying and securing new sources of water:

- Hawk's Tor and Blackpool Quarry
- Desalination
- What do you think about water re-use?
- Water Resources Management Plan

3. Leak taskforce



SAVE
EVERY
DROP

2. Drainage and Wastewater Management Plan

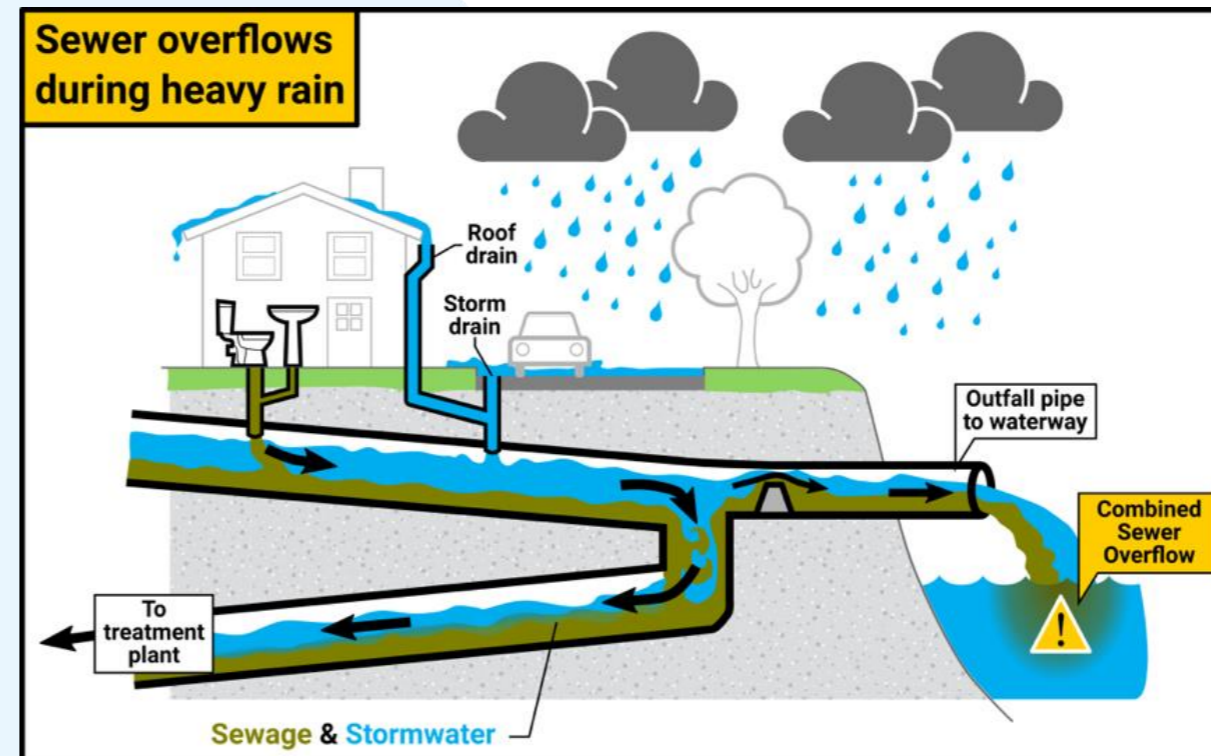
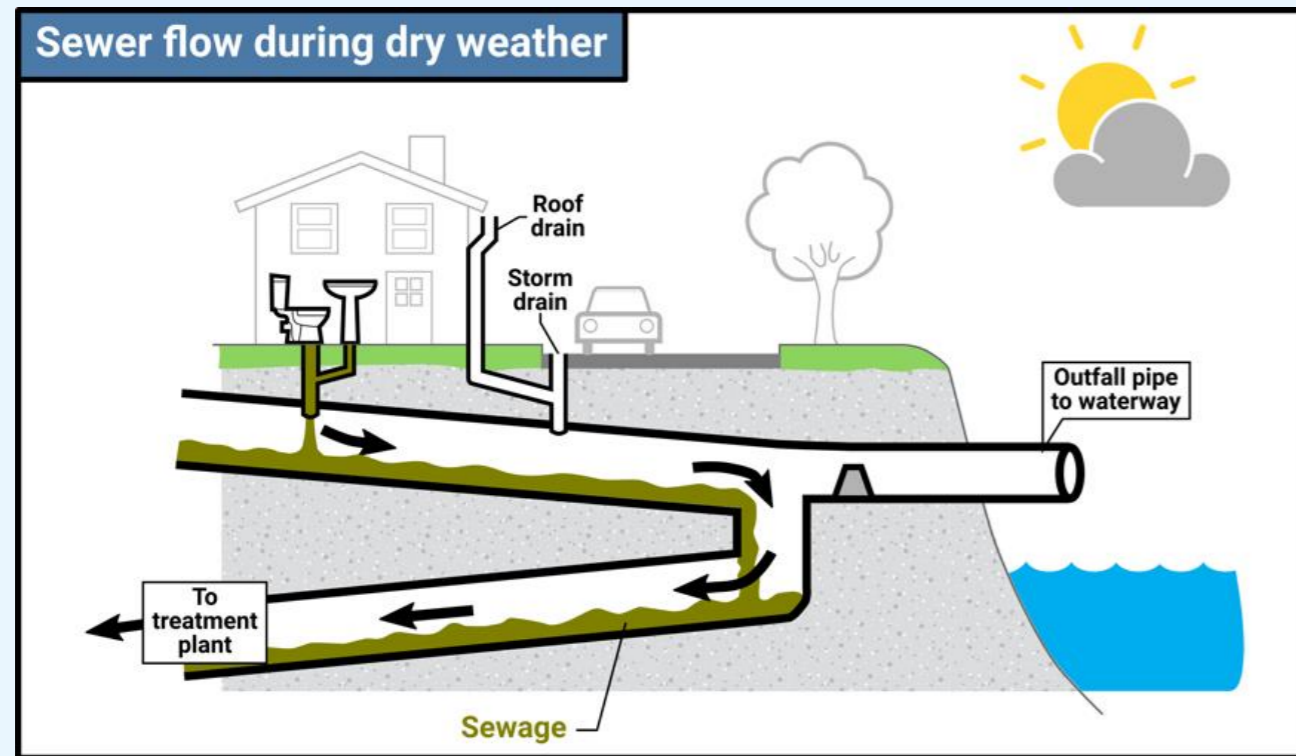
DWMP Online Survey	DWMP Dedicated Mailbox	In person workshops	Stakeholder Forums
 <p>41 respondents to online survey</p>	 <p>21 emails from customers, stakeholders and regulators</p>	<p>3 workshops 35 organisations 50 stakeholders</p>	 <p>73 attendees</p>



Timeline for milestones

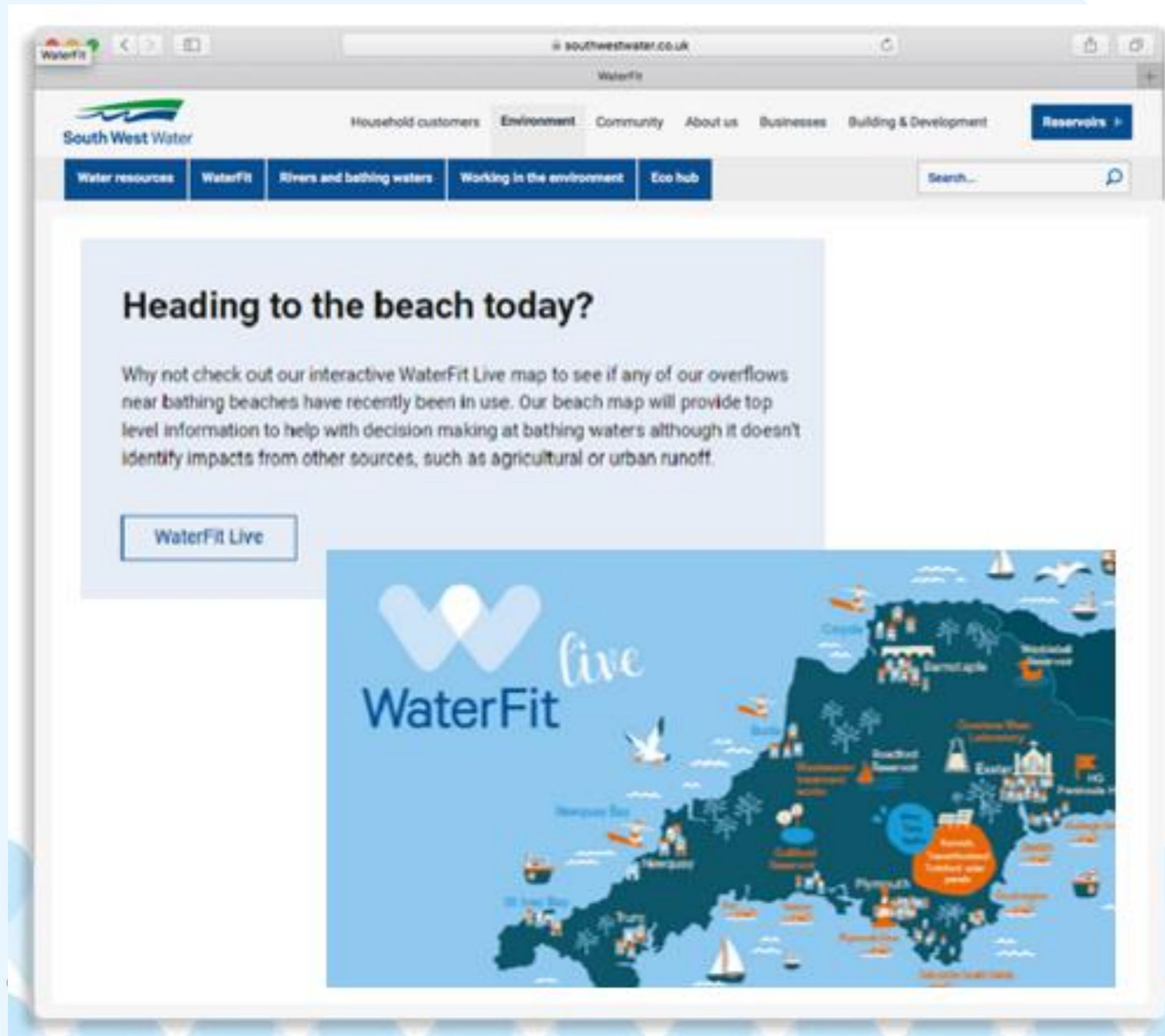


3. Storm Overflows and transparency

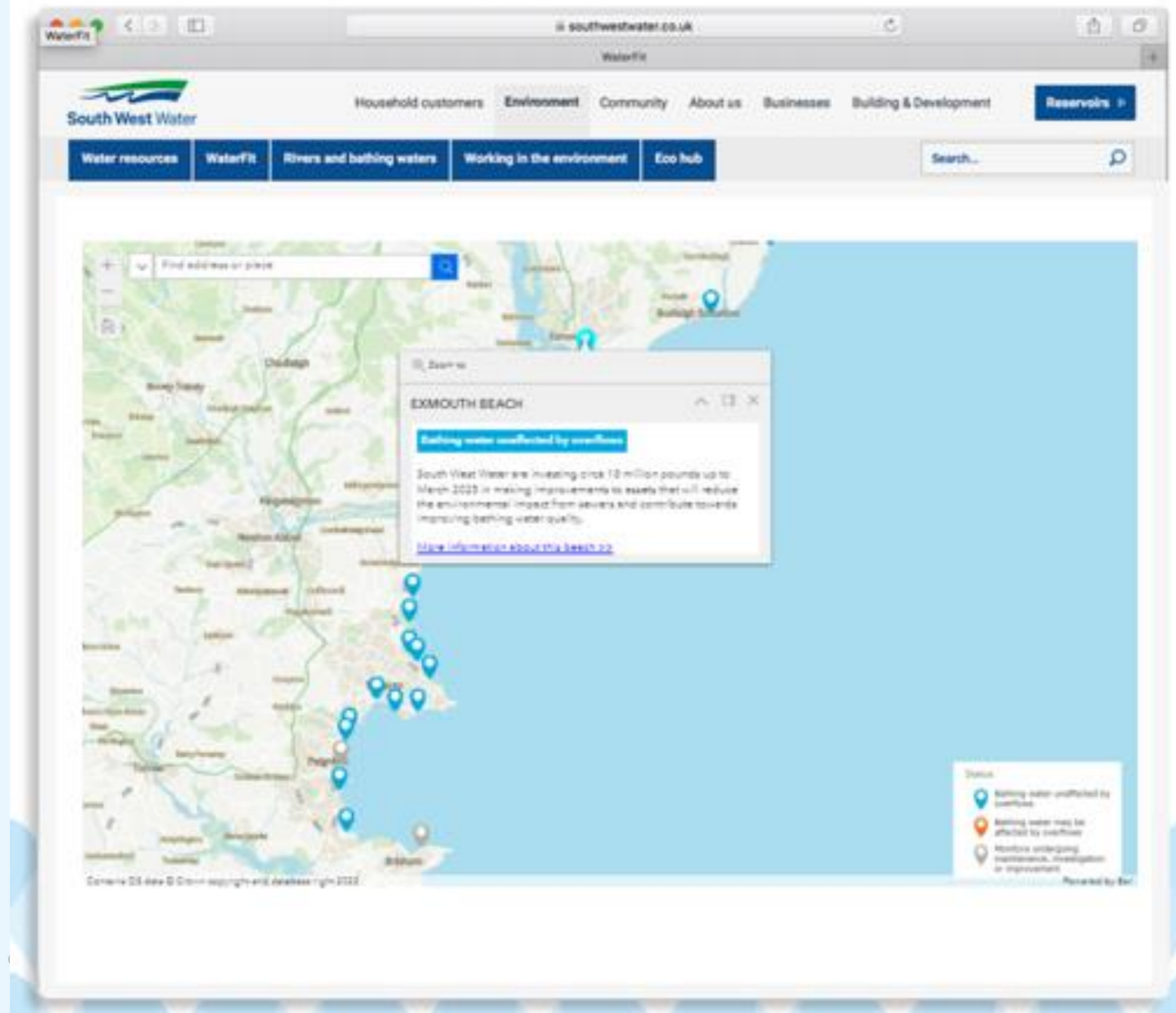


- Waterfit investment of £330m reducing average spills per location to 20 per year by 2025.
- DWMP further investment reducing average spills per location to 10 per year by 2050.
- More investment proposals to accelerate delivery are with Government and plans in development for every storm overflow.

Waterfit Live



Waterfit Live



Water Resources Management Planning

Nick Paling

Water Resources Management
Plans Engagement Lead



SWW's Supply Area

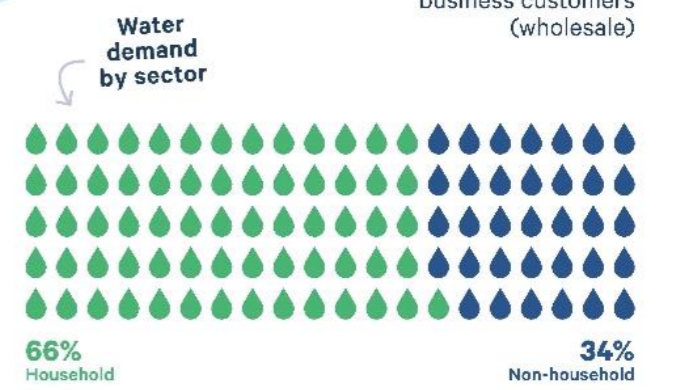
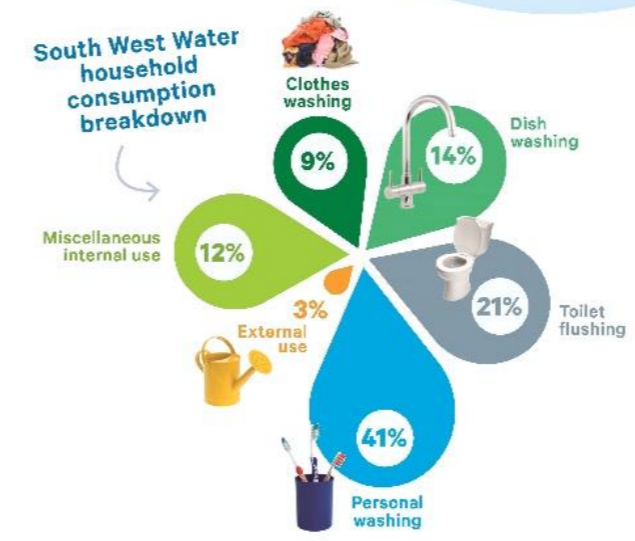
South West Water provides water for 2.2 million people living and working in Cornwall, Devon, and parts of Somerset and Dorset as well as in the Bournemouth area and the Isles of Scilly.



DID YOU KNOW?

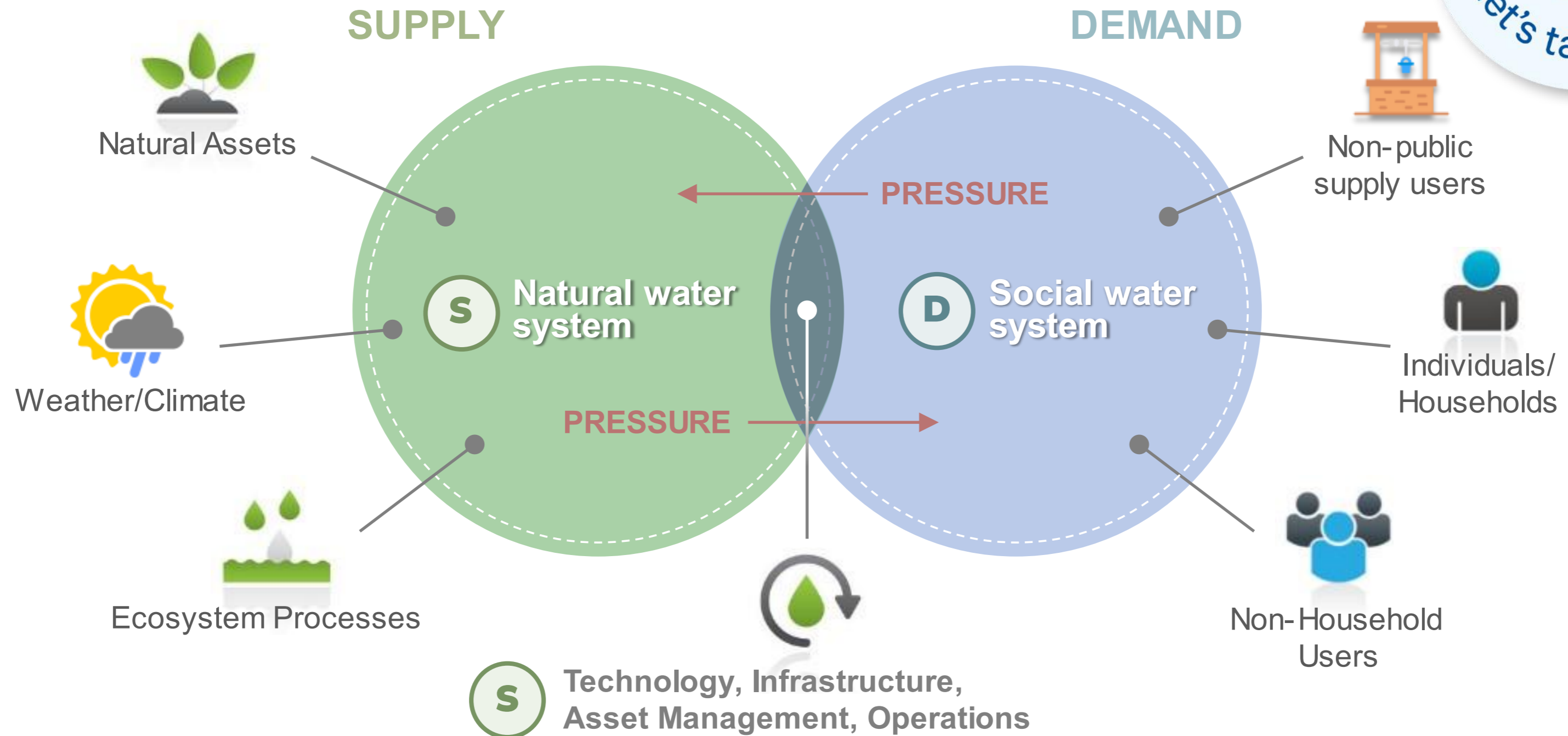
We supply an average of **490 million** litres of water each day

We have over **80,000** business customers (wholesale)



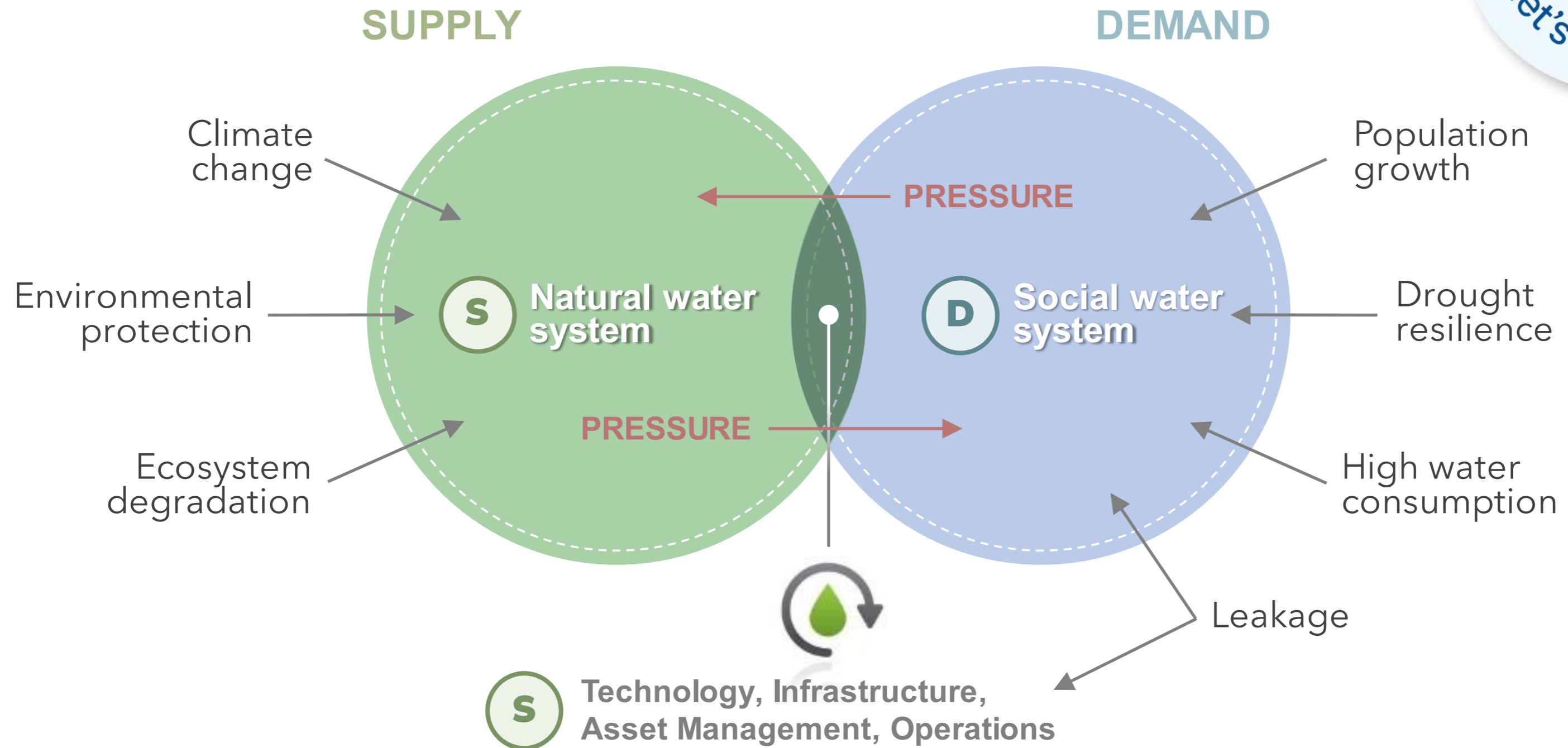
Water Resources Management

What is 'water resources management'...?



Water Resources Management

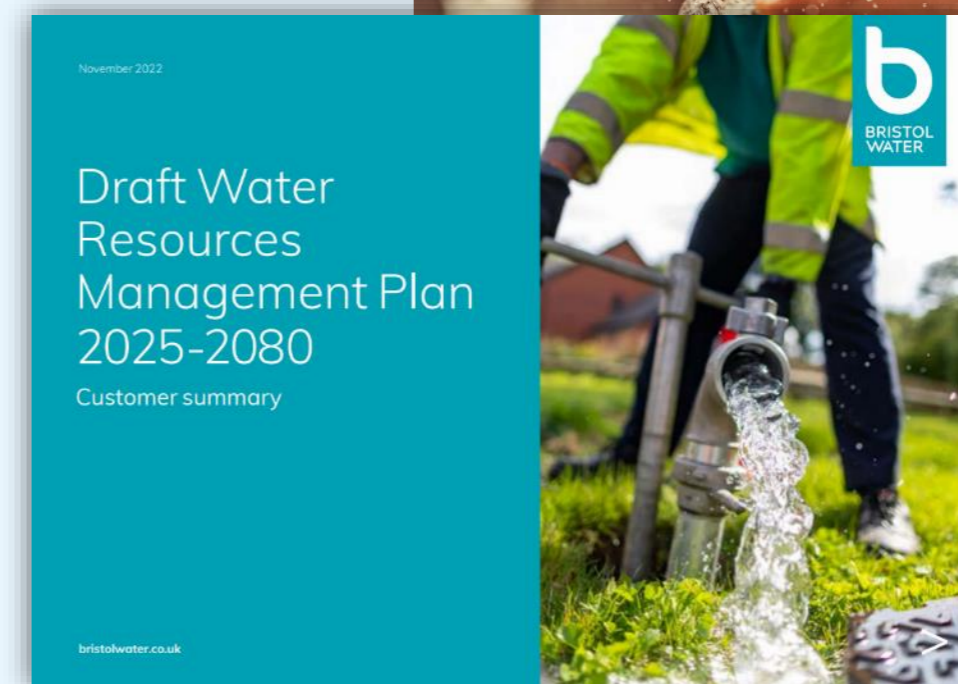
Challenges...



Draft Water Resources Management Plans

2025 -2050

- Secure supply of water to customers, while also protecting and enhancing the environment
- Forecasts water supply and demand out to 2050 and identifies any risks to supplies
- Identifies the 'best value' programme of action to maintain reliable and resilient water supply
- WRMP is a statutory requirement set out in legislation - we must review and update it every 5 years

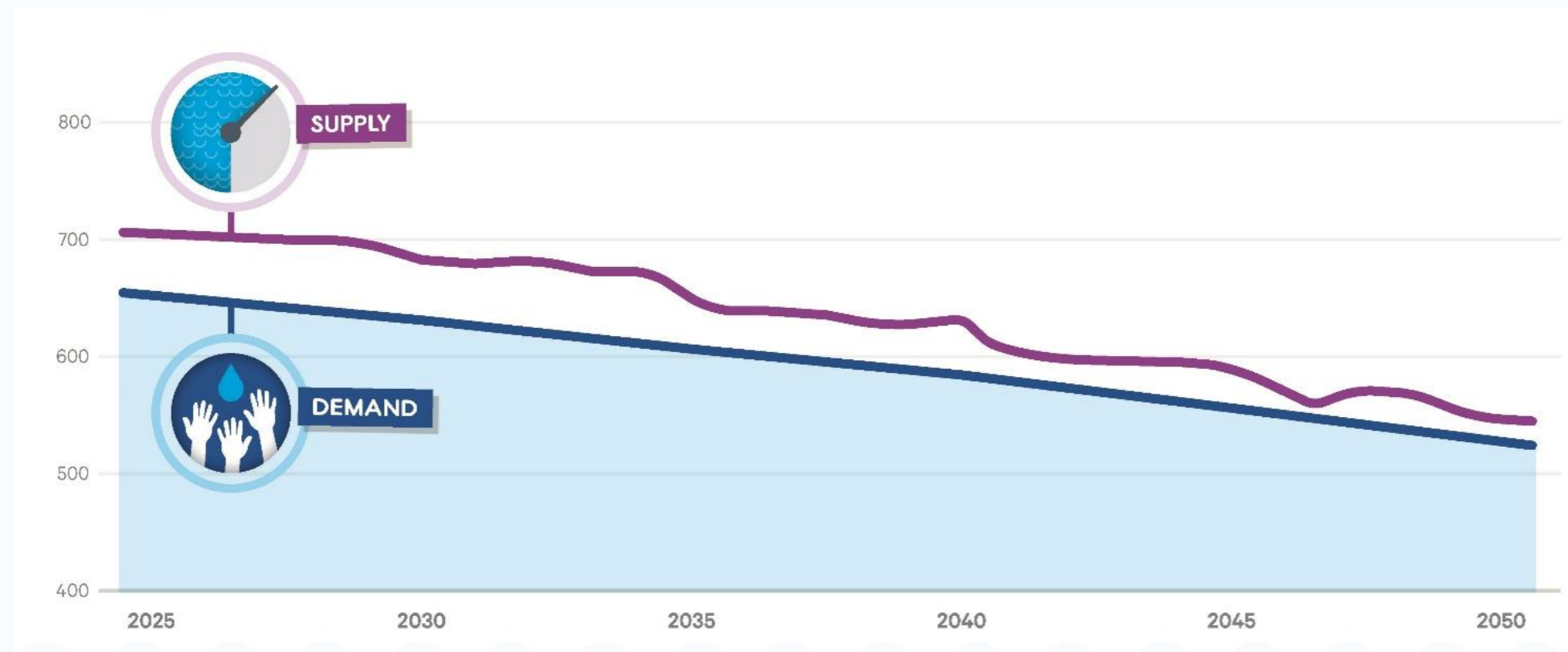


Water Resources Management

Our 'Roadmap' to meet the challenges

To meet the challenges of the future, we have developed a 'roadmap' that includes a blend of demand-, supply- and environmental-solutions

In our plan, we have presented supply and demand solutions for each of our Water Resource Zones



OVER THE NEXT 5 YEARS...

REDUCING DEMAND

We will continue to improve metering. Introducing the compulsory metering recommended by the Environment Agency for water-scarce areas will give greater insight we can use to improve water efficiency and leakage management. We'll help customers with advice and finding and fixing leaks on their properties and we're reviewing new technologies and equipment suitable for use on the islands.



INCREASING SUPPLY

We will be harvesting the benefits of major investment before 2025 to improve water quality in line with the targets set by the Drinking Water Inspectorate. This will also improve the resilience of our water treatment works and the volume of water they can produce. We will continue to optimise the balance between taking water from boreholes and the sea to minimise our overall environmental impact.



REDUCING DEMAND

Consistently working at our current rate to reduce leaks, we will keep working towards a **50% reduction by 2050**. As the Bournemouth area is designated as 'water stressed', we will follow guidance from the Environment Agency to begin metering all properties in the supply zone.



Investment
£27.5 million

New or replacement meters over 5 years
41,524 meters

Total water savings from metering
2.82 megalitres

INCREASING SUPPLY

We are planning an additional borehole to put more water into supply from groundwater in the south east of the Water Resource Zone and aim to make smarter use of sources on the Stour by changes to our licences.



Investment
£1.7 million

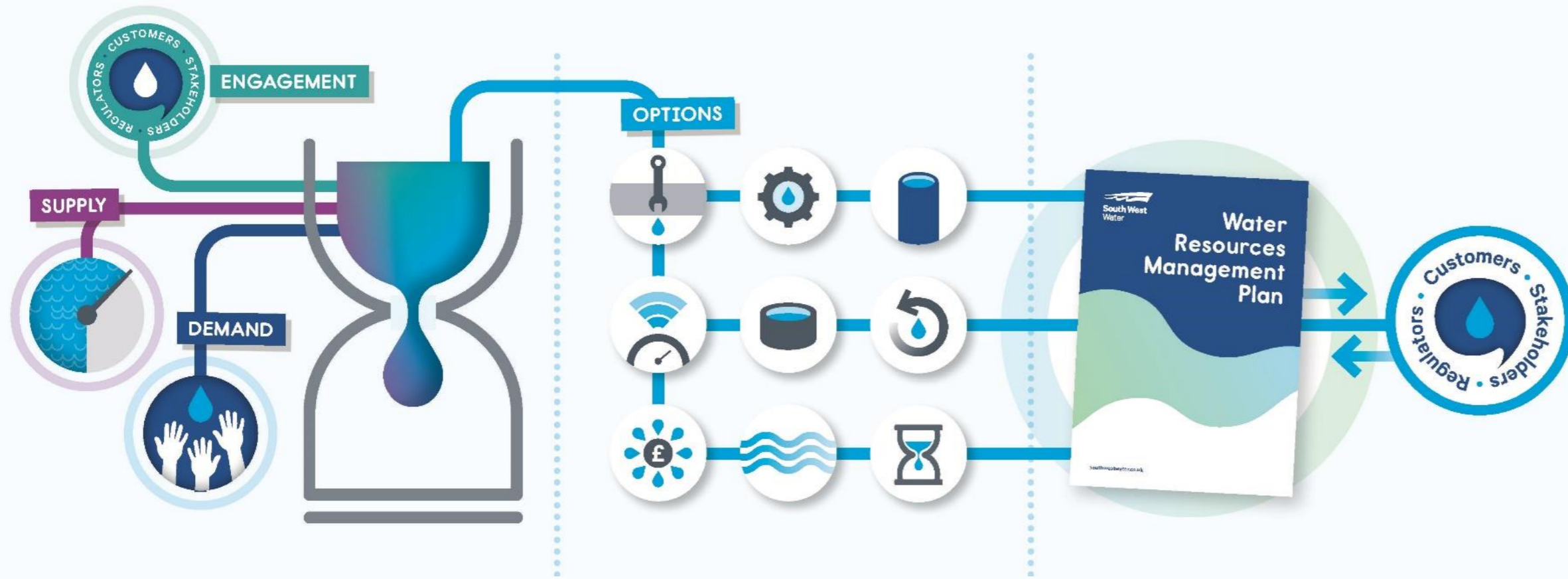
Additional water available
1 megalitre

Water Resources Management

How we created our plan

A continuous process of listening, learning, responding to change and making the best possible decisions for our customers and the environment...

The stages of developing a WRMP -



We are committed to -

- Finding out what matters most to our customers
- Looking for solutions that work with nature
- Being proactive by planning for the future
- Spending money wisely to balance cost against risk to the environment
- Using the best available evidence to make decisions

Water Resources Management

Demand-reduction solutions

It is vital that we deliver solutions that reduce demand for water.



Preventing and fixing leaks



Installing smart meters



Promoting water efficiency: households and non-households



Water Resources Management

Solutions that increase supply

It is also vital to deliver solutions that increase the supply of water.



Storing more surplus water



Using river water wisely: location and level of abstraction



Increased sustainable use of groundwater



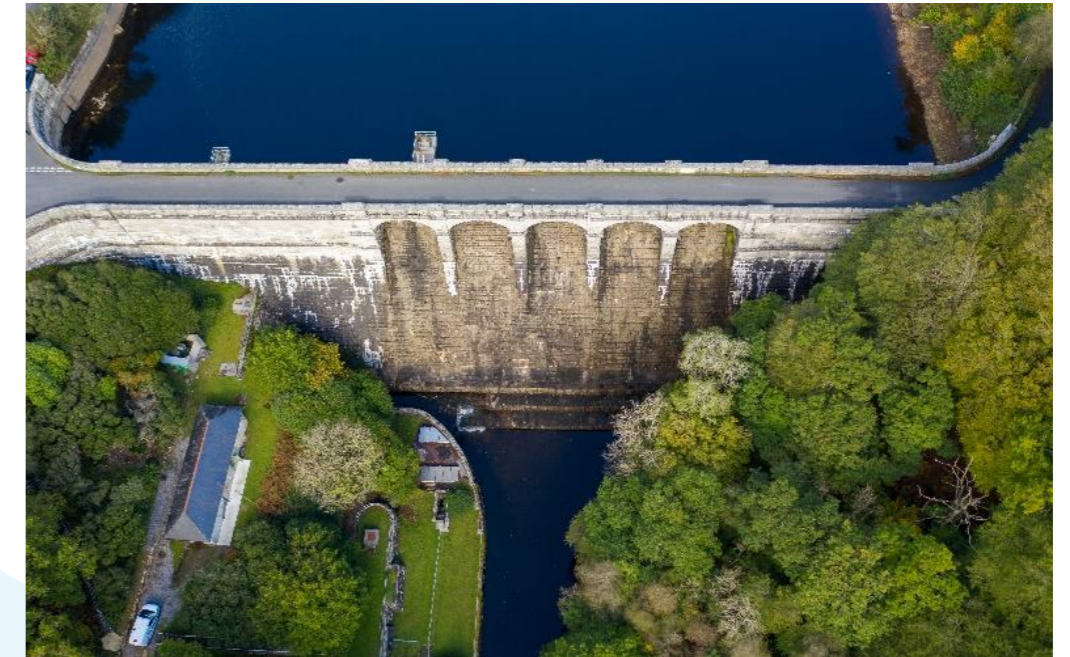
Recycling or re-using wastewater



Balancing the flow of water: timing, capacity, connectivity



New sources of water: quarries, desalination,

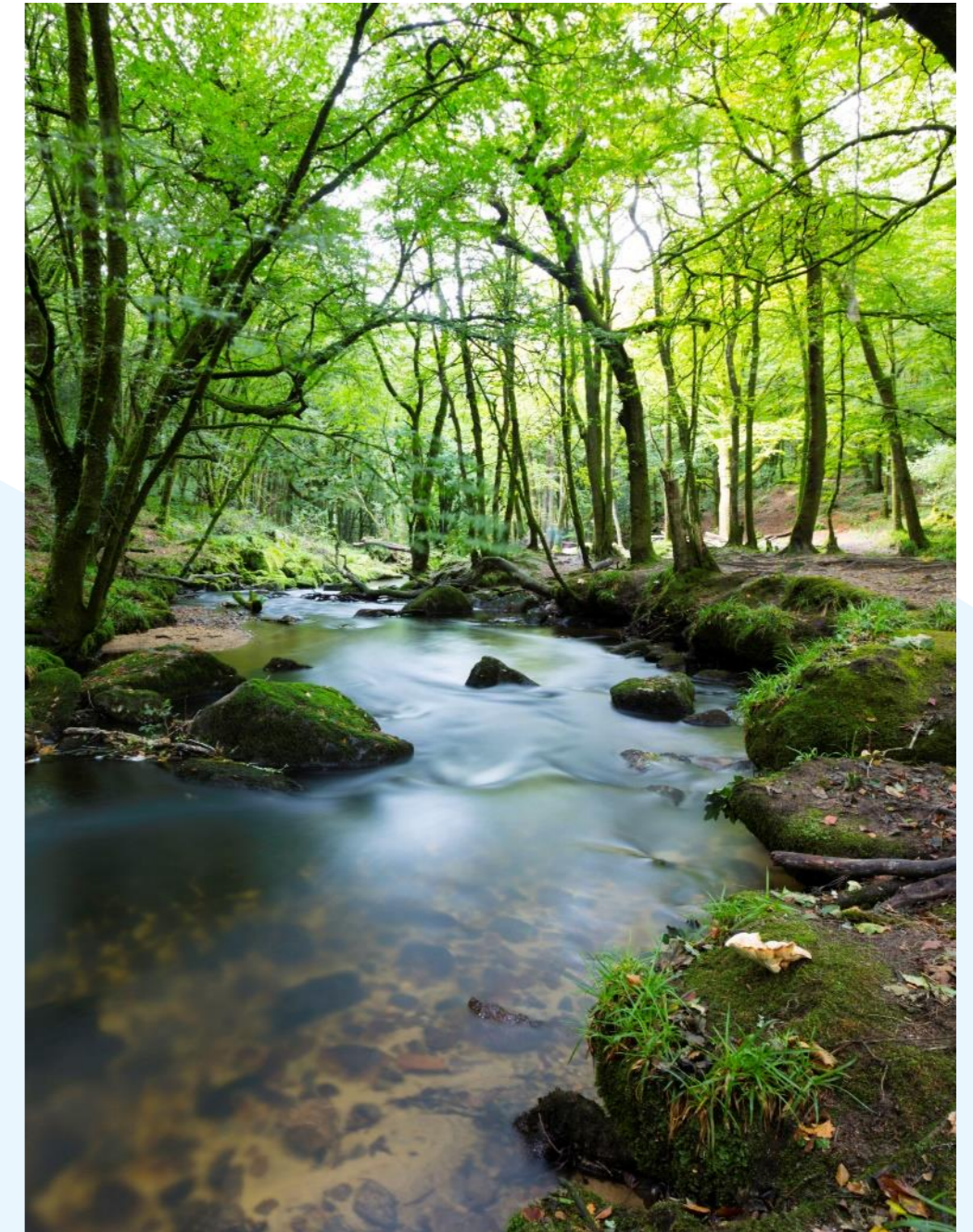
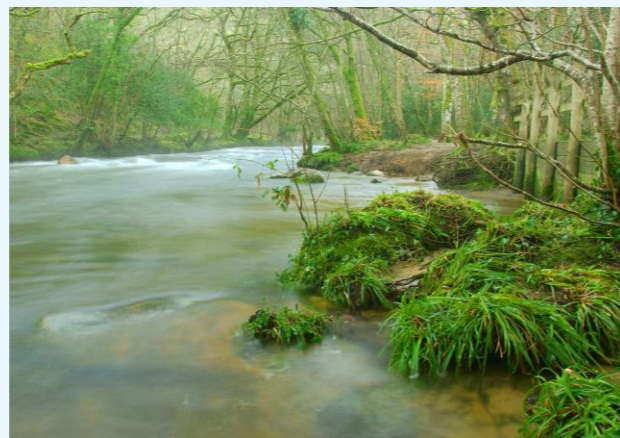


Water Resources Management

Environmental Destination

What is Environmental Destination?

- Our environmental destination sets out how we will achieve and maintain sustainable abstraction to 2050 and beyond.
- It takes account of climate change impacts and likely future demand
- Additional to the requirements under the WINEP



Water Resources Management

Environmental Destination

Our WRMP Environmental Destination commitments

- Creating more storage options for water so that we can keep rivers fuller in drier periods
- Seeking to change abstraction licenses to better reflect the balance of supply and demand
- Funding projects alongside our investments to bring larger environmental benefits.

Implementations and investigations –

- River restoration schemes
- Nature-based solutions
- Land/catchment management
- Nature Recovery (BNG) Fund
- Water Net Gain Pilot
- Upland/Peatland restoration



Draft WRMP Consultation

Your feedback

- We would love to hear your feedback on our plan.
- **12-week** public consultation – **14 February to 9 May 2023**
- We will reply to all feedback in our **Statement of Response**

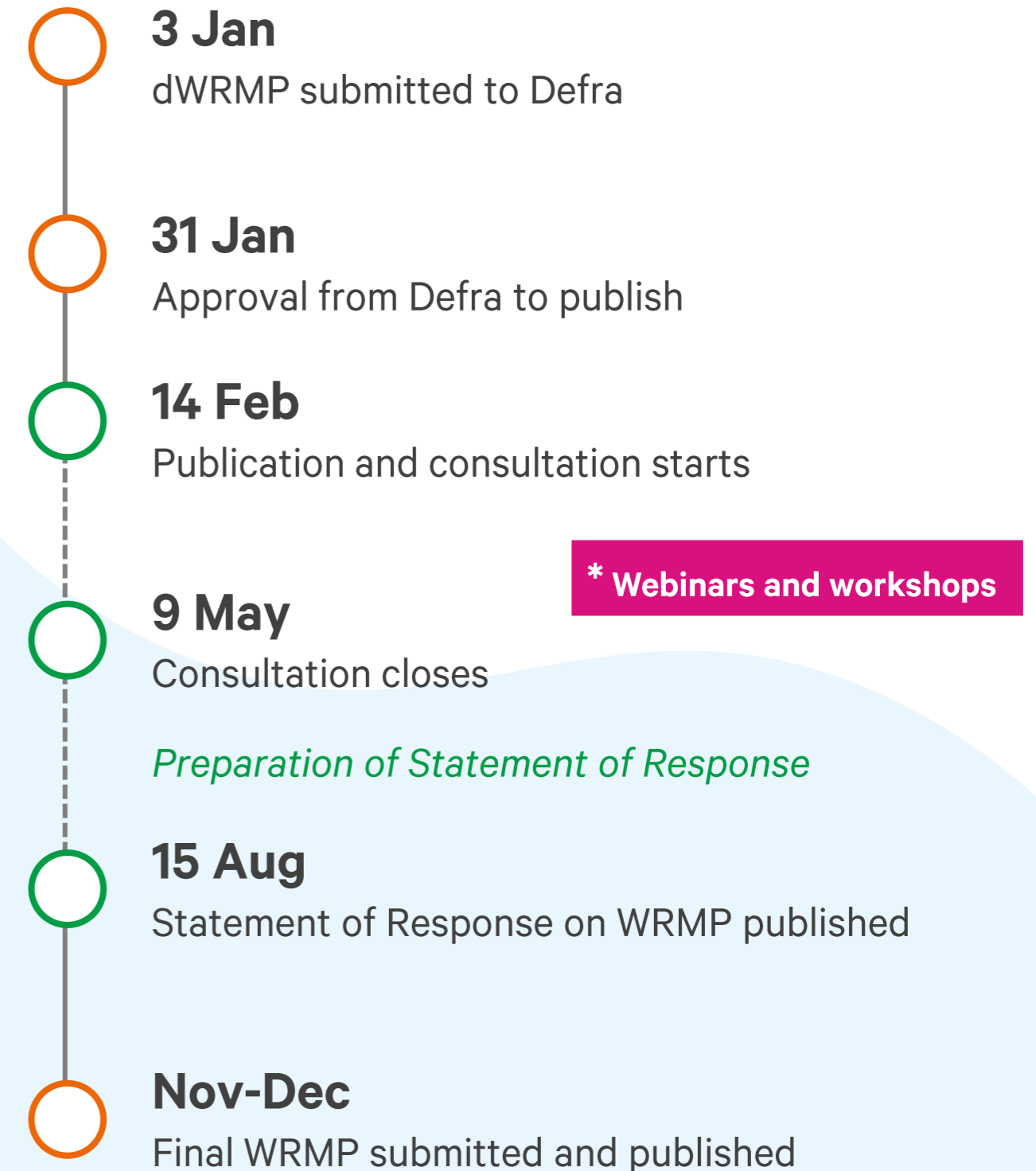
How you can respond -

All responses to this consultation should be sent to the Secretary of State for the Environment, Food and Rural Affairs

- You can respond by e-mail to: water.resources@defra.gov.uk
- Please carbon copy (cc): wrmp@southwestwater.co.uk
- Title e-mail ‘**SWW draft Water Resources Management Plan**’

You can also respond by letter or by using our questionnaire –

<https://www.southwestwater.co.uk/environment/water-resources/water-resources-management-plan/>



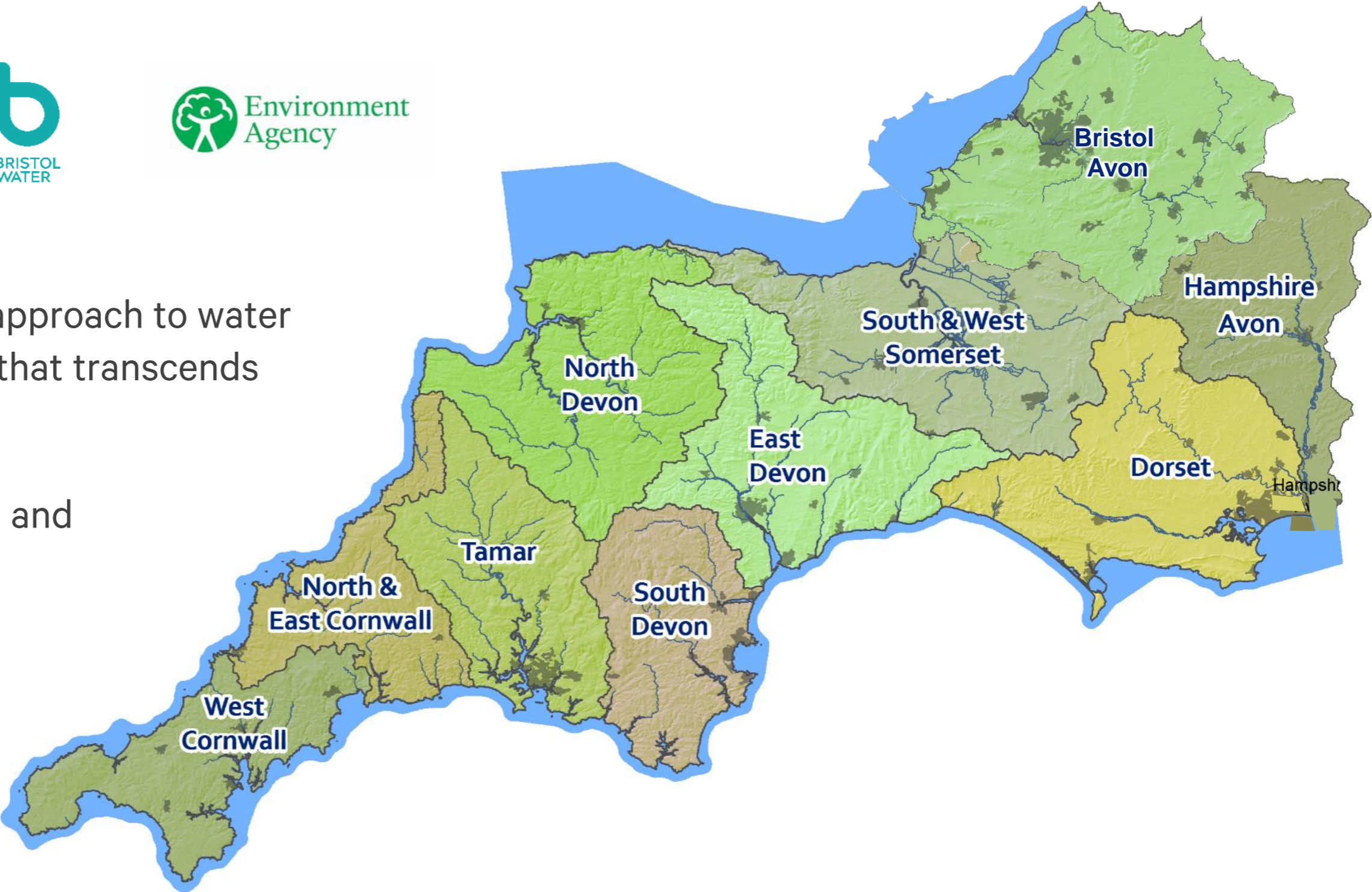
West Country Water Resources Group

Four core members working to develop a regional plan for the West Country



WCWRG aims to support a coordinated approach to water resources planning in the West Country that transcends water company boundaries.

Water company WRMPs are aligned with and integrated into the **Regional Plan**



West Country Water Resources Group

Planning for the challenges in the West Country

- Water company WRMPs are aligned with the Regional Plan
- Regional plan includes assessment of **non-public water supply demand** and the **environmental destination** for the West Country
- Future challenges for the Region are **customer growth, environmental pressure** and likelihood of **increased droughts**
- To meet the challenges at a regional level, there is a need for:
 - **Demand Management** – water efficiency and household and non-household leakage control
 - Development of **strategic resources** with intra-regional movement of water resources.



Regional Plan published on the WCWRG web site for public consultation on 1st February 2023 *

<https://www.wcwr.org/our-work/draft-regional-plan/>

The public consultation period will be open for **12 weeks**

* Questionnaire and online form provided to support submission of feedback

* Webinars and workshops

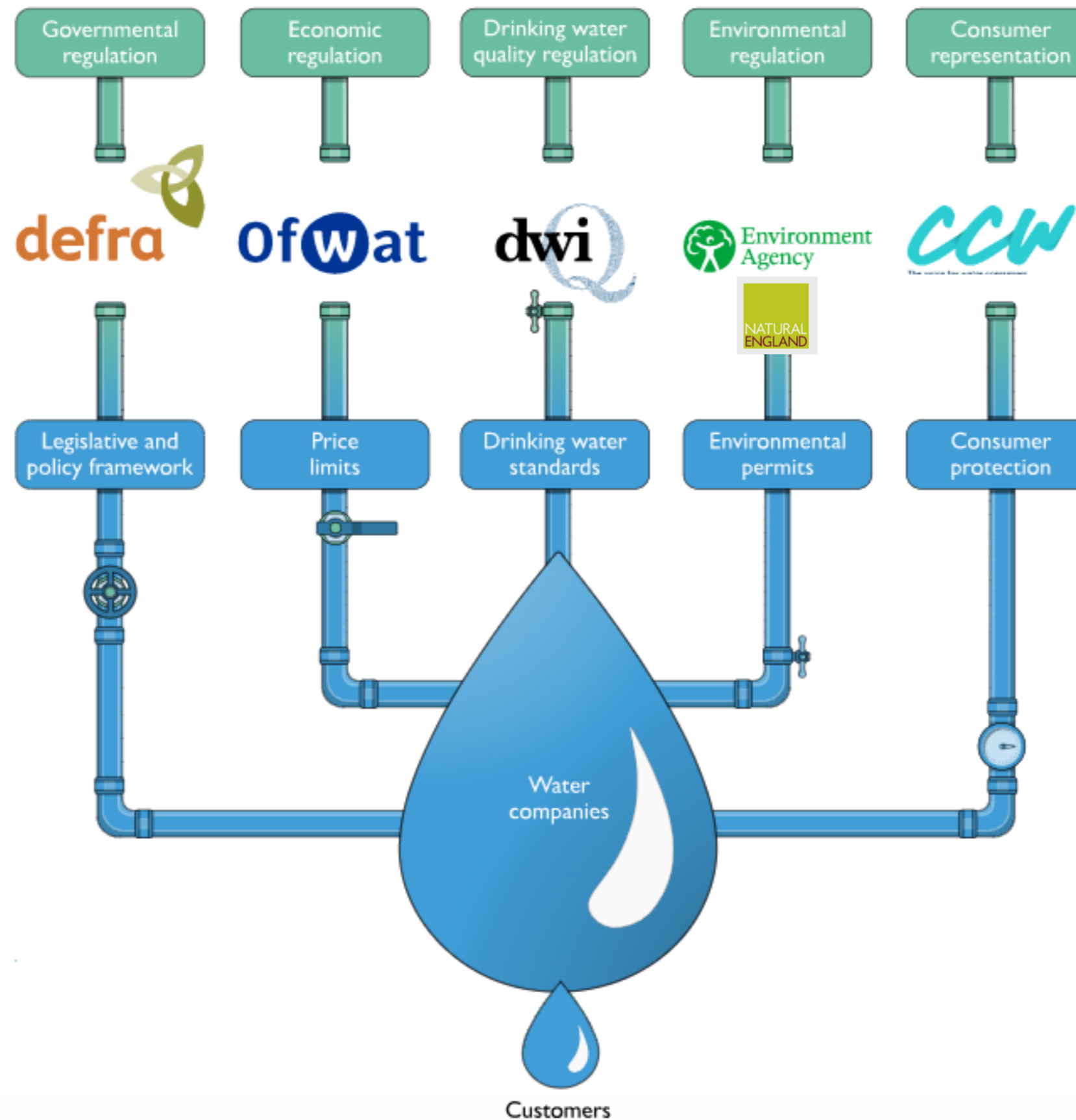
How water companies are regulated and funded

Carolyn Cadman

Director of Natural Resources
South West Water



Who regulates water companies?





DEFRA is the UK government department responsible for safeguarding our natural environment, supporting the food and farming industry and rural economy.

Defra sets out its requirements for the water industry through the **Strategic Policy Statement for Ofwat**. Its four strategic priorities are:

- Protect and enhance the environment
- Deliver a resilient water sector
- Serve and protect customers
- Use markets to deliver for customers

Ofwat sets the limits on how much water companies can charge their customers (every five years through the price review process)

Its main duties include protecting the interests of consumers and securing the long term resilience of water supply and wastewater systems. It also has a duty to ensure that water companies can finance and conduct their functions effectively.

Ofwat collects information on water company performance and expenditure through annual returns and bespoke data requests. Our principal submission to Ofwat is our business plan submission on 2 October 2023.



Drinking water
quality regulation



Drinking water
standards

The Drinking Water Inspectorate (DWI) regulates the quality of the drinking water we supply and ensures its safety and compliance with Water Quality Regulations. This is completed by reviewing tests we conduct on our drinking water and examining water quality and treatment, as well as carrying out inspections on water companies as and when required.

We are required to make annual submissions to the DWI on compliance and a sequence of submissions as part PR24, including a draft business plan (for proposed water quality investments) in March 2023.

Environmental
regulation

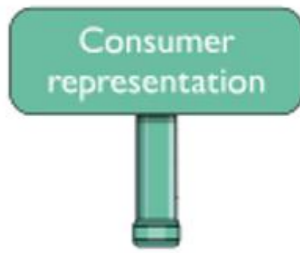


Environmental
permits

The Environment Agency (EA) regulates the protect and improvement of the environment in England and Wales. The EA seeks to maintain and improve the quality of raw water in England and Wales and is responsible for issuing water companies with abstraction licenses.

We make annual submissions to the EA and as part of PR24 we prepare a Water Resources Management Plan (WRMP) Water Industry National Environment Programme submission (WINEP) and a Drainage and Wastewater Management Plan (DWMP). We also maintain a drought plan which is overseen by the EA.



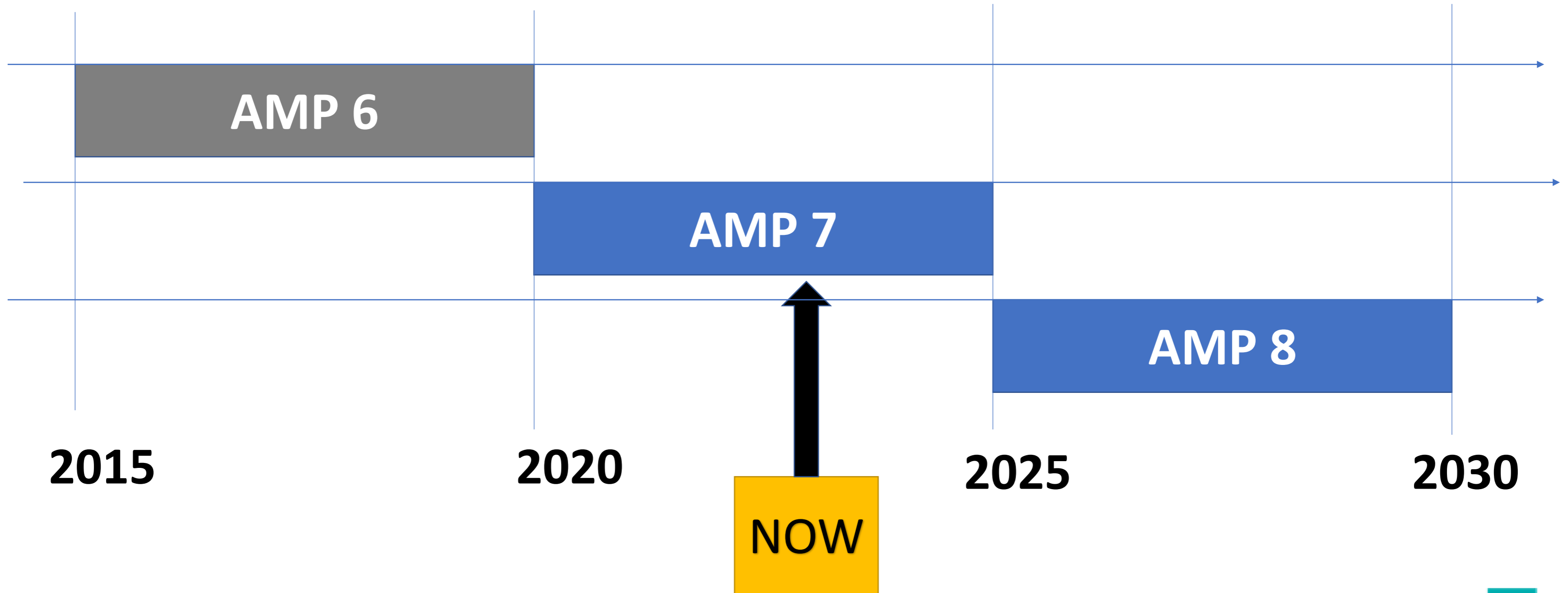


The Consumer Council for Water (CCW) is an independent body that represents customers' interests relating to price, service and value for money. They also conduct independent research and investigate customers' complaints relating to water quality.

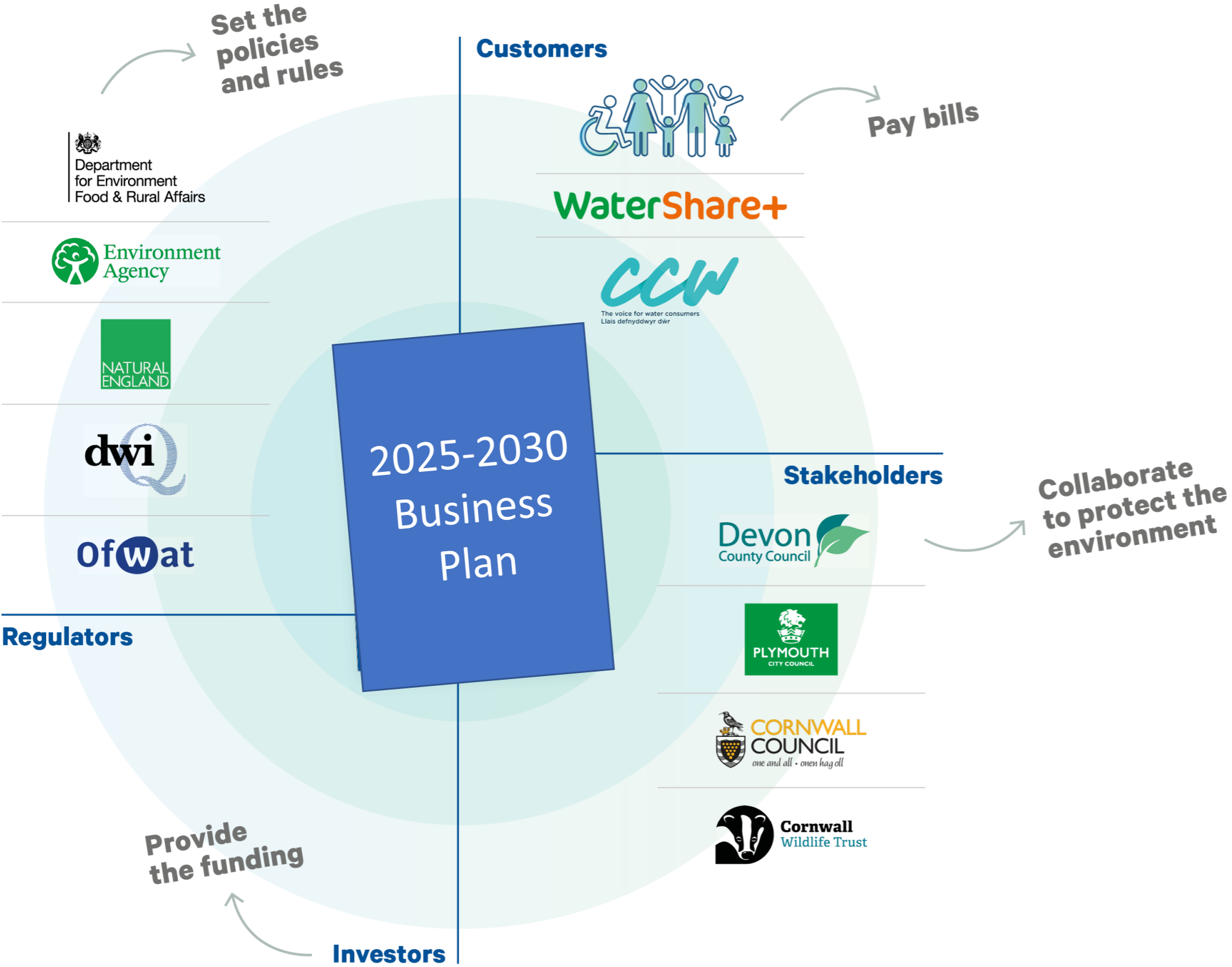
CCW is particularly interested with how we engage with customers on a day-to day basis and to inform the development of our business plan



How water companies are funded



How water companies are funded



1. Investment

A) Debt – from banks and lenders

B) Equity - shareholders

= Cost of debt

- Interest costs for debt
- Dividends for shareholders

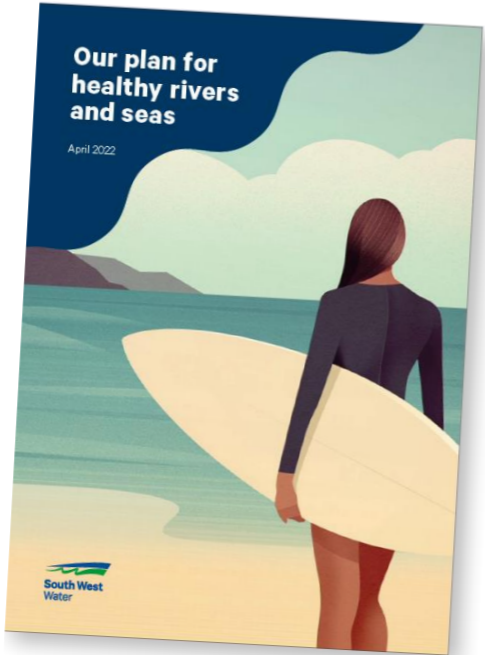
2. Customer Bills

Average customer bill is **£476**

What we are spending 2020-2025...



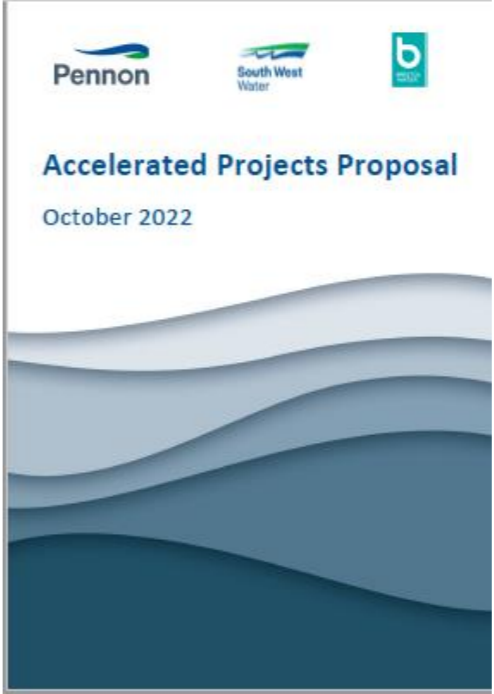
£1.1bn



£330m



£92m

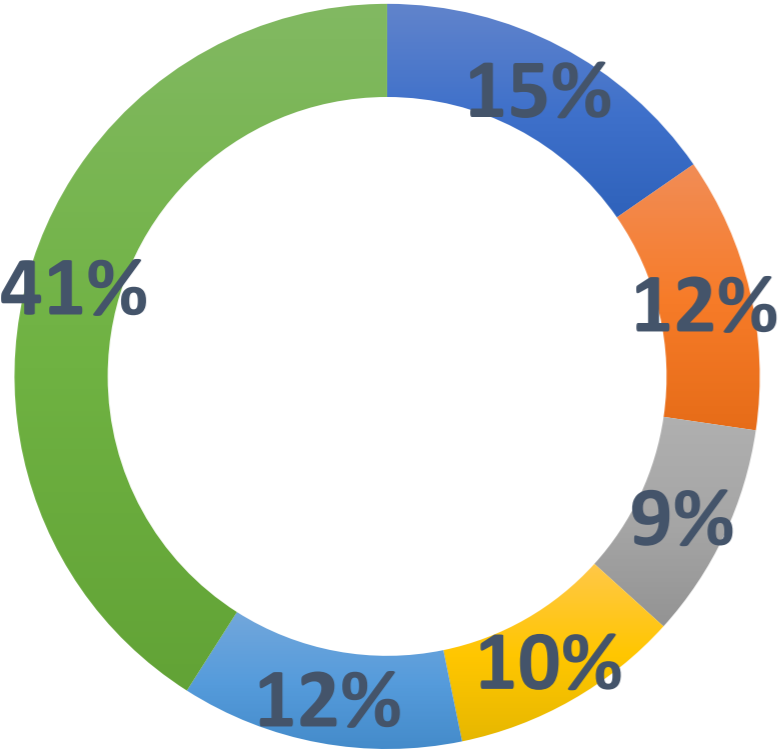


£98m tbc



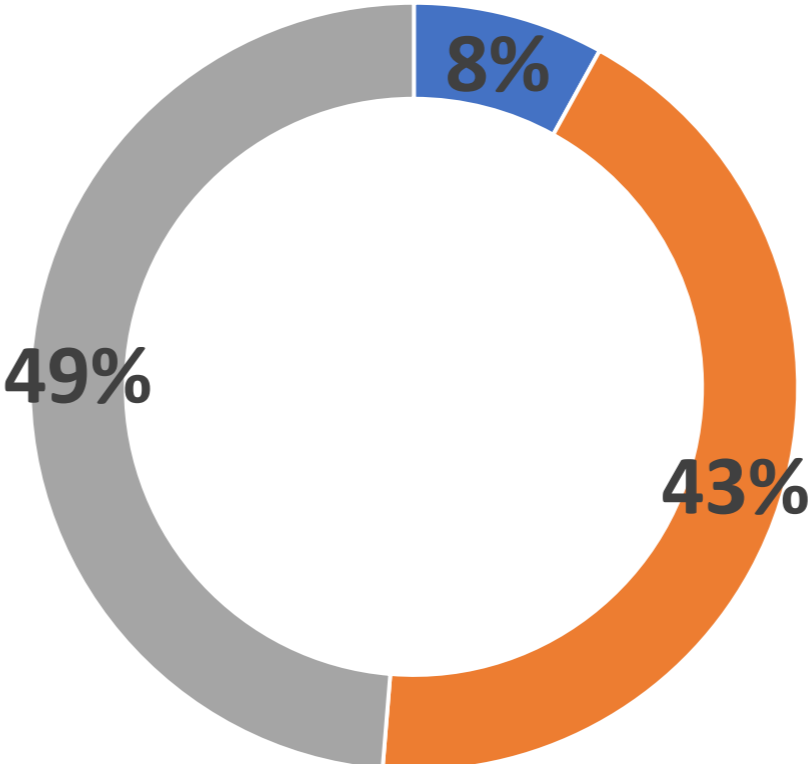
What we are spending 2020-2025...

How we spend every £1



- People
- Energy
- Government
- Other operational expenditure
- Lenders
- Investment in infrastructure

What service this money supports



- Customer services
- Provision of sale, clean drinking water
- Wastewater services & environmental protection

How our performance is measured...

Water quality compliance (CRI)

Purpose: The performance commitment incentivises the company to fully comply with statutory obligations and to mitigate any issues affecting performance.

Water supply interruptions

Purpose: This performance commitment is designed to incentivise companies to minimise the number and duration of supply interruptions.

Leakage

Purpose: This performance commitment is designed to incentivise companies to reduce leakage.

Per capita consumption

Purpose: This performance commitment is designed to incentivise companies to help customers reduce their consumption

Risk of severe restrictions in a drought

Purpose: To measure the resilience of each company to severe restrictions in a 1-in-200 drought and incentivise the improvement of this level of resilience in the short and longer term.

Priority services for customers in vulnerable circumstances

Purpose: To ensure a minimum standard across all companies for the number of households registered on the Priority Service Register (PSR) and for PSR data checking.

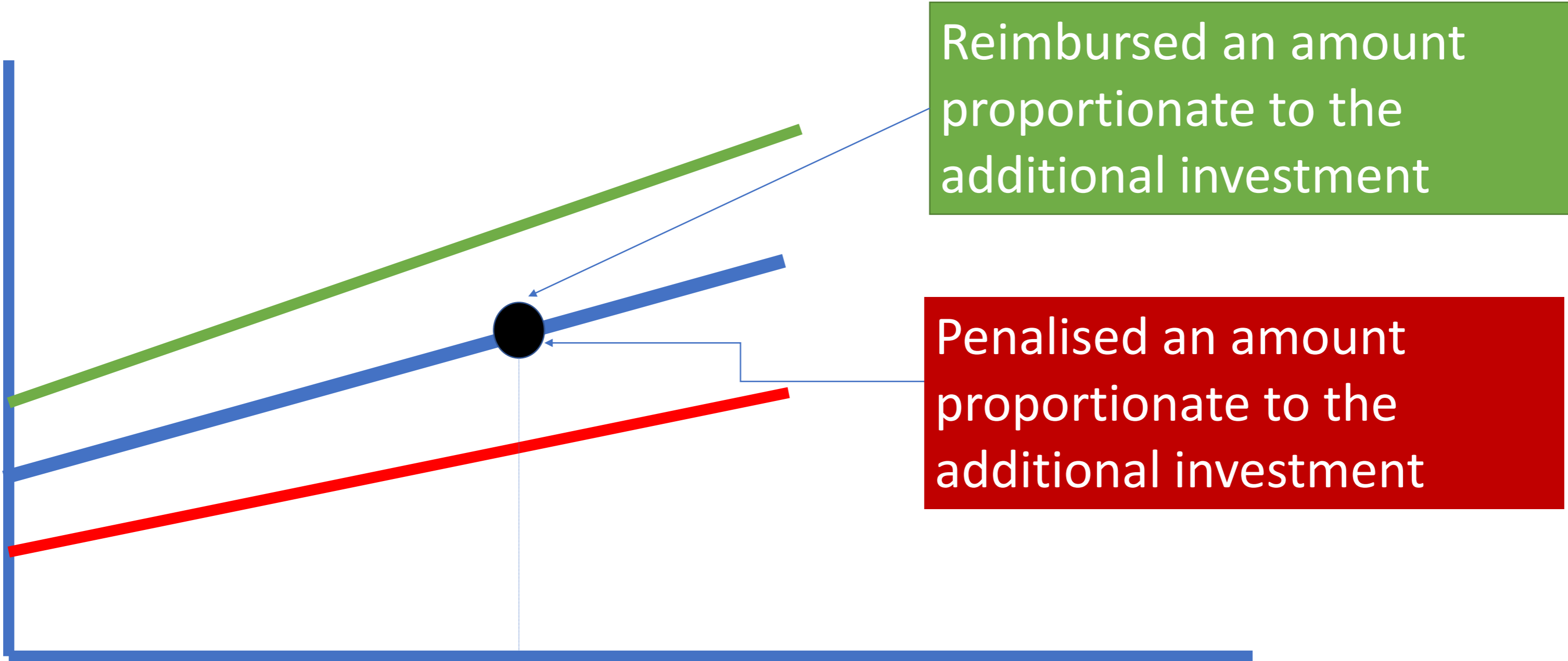
Internal sewer flooding

Purpose: This performance commitment is designed to incentivise companies to reduce the number of internal sewer flooding incidents.

Pollution incidents

Purpose: This performance commitment is designed to incentivise companies to reduce the number of pollution incidents that impact the environment.

How our performance is measured...



How our performance is measured...

Water and sewerage companies Environmental Performance Assessment 2021



For a version of this document in a more accessible format, and for individual water and sewerage company data reports, please visit:
www.gov.uk/government/publications/water-and-sewerage-companies-in-england-environmental-performance-report-2021

Metric and units ¹	Total pollution incidents per 10,000km ² (actual)	Serious pollution incidents – actual number	Self-reported pollution incidents % ³	Discharge permit compliance ⁴ % (failing sites)	WINEP ⁵ scheme delivery on time %	Supply Demand Balance Index (SDBI) score	Performance star rating (out of 4)
Anglian Water	34 (258)	14	69 (75)	98.2 (15)	100	100	★★☆☆
Northumbrian Water	23 (69)	1	89 (100)	98.3 (3)	100	100	★★★★
Severn Trent Water	22 (204)	4	80 (95)	99.3 (5)	100	100	★★★★
Southern Water	94 (372)	12	90 (96)	97.9 (7)	98.4	97	★★☆☆
South West Water	87 (151)	8	68 (84)	97.5 (8)	98.0	<99	★★☆☆
Thames Water	25 (271)	12	65 (81)	99.0 (4)	99.5	100	★★☆☆
United Utilities	18 (137)	1	81 (87)	99.0 (4)	100	100	★★★★
Wessex Water	21 (72)	5	90 (96)	100 (0)	100	100	★★☆☆
Yorkshire Water	27 (143)	5	66 (74)	99.0 (3)	100	100	★★☆☆
Sector Average - England	32 (1,677)	62 (total)	77 (88)	98.7 (49)	99.5	<99.6	
Dŵr Cymru Welsh Water	23 (83)	3	76 (61)	98.3 (10)	100	100	★★★☆☆

Red Significantly below target
 Amber Below target
 Green Better than target
 R A G Red, amber, green metric thresholds

Note: These results are drawn, in part, from information submitted by the companies and may change as a result of subsequent audits and checking

¹ Refer to the EPA metric guide for more detailed information (www.gov.uk/government/publications/water-and-sewerage-companies-in-england-environmental-performance-report-2021)

² of sewer length ³ The figure in brackets is the combined self-reporting percentage for just sewage treatment works and pumping stations - this must be 90% or more for a green rating

⁴ with numeric water quality limits for treated wastewater at sewage treatment works and water treatment works ⁵ Water Industry National Environment Programme

Source: Environment Agency & Natural Resources Wales

‘Your Water, Your Say’

Michelle Davies

Head of Strategy



Your Water, Your Say

Background

- Ofwat's final methodology for the 2024 price review (PR24) includes an expectation that each company will carry out two '**Your water, your say**' (YWYS) sessions
 - 1x in March-June 2023 – to inform development of the PR24 business plan
 - 1x following submission of the plan (October or November 2023)
- Purpose is to allow customers and other stakeholders to pose questions to their water company about issues that are important to them.
- An **independent chair** has been commissioned by Ofwat and CCW
- On 17 February 2023, following engagement with companies through industry workshops, Ofwat issued its final guidance in relation to YWYS sessions. The guidance is heavily prescriptive.



Your Water, Your Say

The format of the session

- **15 minute presentation to outline business plan and LTDS –**
To include: issues the strategy will address, proposed actions, outcomes and the bill impact for customers
- Presentation to address **key themes -**
 - Customer service priorities;
 - Long-term outcomes and how the five-year plan delivers the first part of the long-term delivery strategy;
 - Environmental outcomes; and
 - Affordability
- **Duration 90 minutes** (5 minute break) and should be **recorded** and a **written report** should be published
- **Written response to unanswered questions** and a **‘you said, we did’ report** within the business plan submission



Your Water, Your Say

Engagement on our draft plans

- First YWYS session to coincide with engagement on the options and choices within our plan (May 2023)
- One virtual session to cover whole region
- Active recruitment of customers and their representatives, including the vulnerable and hard to reach
- Customer Forum, Customer Board and Youth Board to be encouraged to attend
- ‘Official’ YWYS session to be complimented with additional opportunities for engagement:
 - Separate Stakeholder- and Customer Forums at the end of April
 - Ongoing engagement with stakeholders through existing groups and 1-2-1 meetings
 - Deliberative and qualitative research with customers
 - Utilising existing community engagement routes to test our plans
 - Online survey – widely promoted to customers and stakeholders



Your Water, Your Say

YWYS and the Stakeholder Forum

- We would welcome attendance from stakeholders at our Your Water, Your Say Session in May (date tbc)
- This will enable us to continue our conversation with you and for your views to be recorded through the 'official' YWYS process
- We will continue to engage with you via a range of other routes



Thank you...!!

