

Business Plan
2025-2030



We're doing this



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Tackling the biggest challenges head on



Water quality and resilience



Storm overflows and pollutions



Net zero and environmental gains



Addressing affordability and delivering for customers



Our purpose

Bringing water to life – supporting the lives of people and the places they love for generations to come

Foreword

The right deal for right now

In our South West Water 2025-2030 business plan, we're set to tackle the challenges that matter most in our region head on, with progress already underway.

We plan to invest £2.8 billion in water quality and resilience, with a pledge to fix storm overflows at beaches and eradicate pollutions, whilst delivering on our Net Zero 2030 Promise to The Planet. Our robust balance sheet underpins our ambition.

This plan will create over 2,000 jobs in our communities, alongside our plan for 1,000 apprenticeships and graduates. At the same time, we will do more with less, as we drive efficiency and innovation, with a nature first principle, keeping unwelcome bill increases as low as possible.

We have tested our plan with thousands of customers, and they are confident this is the right deal for right now.

Five years ago, in our previous business plan, our focus was all about putting customers at the heart and centre of our New Deal. We showcased our families, friends and communities living here in the South West.

Five years on, much has changed. There have been new beginnings and joy and loss for others in the ebb and flow of life. We have also welcomed new customers from Bristol Water and the Isles of Scilly.

In 2020, we were in the depths of the pandemic – as key workers, we kept taps running and answered the call to arms to accelerate investment under build back better, creating jobs at a time when needed most. With travel abroad tricky and working from home a growing reality, we saw significant change in population distribution and the pattern of demand, particularly in Devon and Cornwall. This included an increase in population equivalent to between a quarter and a half of the expected 30 year increase to 2050. And in 2022 we had some of the hottest driest weather on record – together the pandemic and climate impacts are creating fundamental structural changes for our region and a call on our infrastructure.

With the South West being *the* destination for quality water, there are rising expectations of our network and assets – and whilst we have made some improvements, we clearly have more to do.

As a responsible business, and with 100% monitoring on our storm overflows, a year ahead of plan, we understand why people are upset about sewage in the seas and rivers. They are right to demand this gets sorted out.

We also acknowledge that we have lost the trust of the public and our customers as a result of sewage, pollutions and the use of storm overflows.

It's our job to fix that. This plan is the right plan for right now, in fact it is the right deal for right now. It is the most ambitious plan we have ever had.

We have a new and strengthened Executive Team that alongside the c.3,000 dedicated employees, who also live and work in the region, are clear that our priority is to ensure there is an uninterrupted water supply with high quality drinking water and effective wastewater services.

It means that when one of our 3.5 million customers turns on the tap or flushes the loo, from Bristol to Bournemouth, Devon, Cornwall or the Isles of Scilly, it works. In the summer months, given we are the UK's most visited tourist attraction outside of London, our services scale up to 10 million as visitors come to the region.

Running a water company is effectively operating a water recycling system for the region. We take in rain; store it; treat it to make it safe, and distribute it to households and businesses. We collect it once used, with water draining from roofs, pavements and roads, clean it and release it back into the environment, where it travels to the sea – and then the cycle is repeated. As it makes its way through the landscape, our networks, and rivers we work hard to ensure that water continues to provide healthy habitats for wildlife and recreational spaces.

Running a water company is a privilege, given customers can't choose their provider. Our New Deal sought to achieve a first in the sector – to change the nature of the relationship customers had with their local water company, putting them in control, building a socially responsible business model where the ownership is unquestioned. In the space of three years, we have achieved something never seen before with c.90,000 customers, four times the number of institutional shareholders, now having a direct say in how South West Water is run. This is the equivalent of 1 in 14 households in the South West.

It also means in the run up to developing this business plan, we have never had more feedback or direct engagement with customers. We have engaged directly with over 30,000 customers and 1,000 stakeholders in our research to develop our plan – with over 250,000 customers engaged in the last two years across the business. Whether at one of our frequent WaterShare+ public meetings, our AGM, the 'Your Water, Your Say' sessions, or community meetings.

If you look beneath the headlines, we have already been focused on tackling the biggest challenges head on for our region, being fleet of foot to respond. Underpinning this has been our ongoing financial resilience and strong balance sheet, supported by year on year increases in outperformance.

3.5 million

people across
the South West

*A stake and a say
in our business*

WaterShare+

**YOUR
WATER
YOUR
SAY**

1/3
of customers
willing to pay over
£200 extra
per annum

We have thought carefully about the balance of this plan, working closely with Defra, Ofwat, the DWI and the Environment Agency to ensure we meet the legislative and regulatory requirements overlaid with what matters most in our region, and in being mindful of the cost of living crisis. And whilst this plan represents almost a doubling of the investment from our current delivery programme, inevitably leading to bill increases, we have challenged ourselves to be efficient, and in keeping monthly increases affordable.

This is a plan that has received overwhelming support from customers that we should invest more, where levels of support for tackling the key challenges in our region are upwards of 90%. And it's a plan where we have seen a step change in the willingness to pay, up from £10-15 in our last plan, to £50 today, and where a third of customers would pay £200 or more extra on their current bill.

Most importantly, when comparing acceptability of this plan to our last, we have seen a 10-point increase with acceptability for this plan rising to 74%.

With the support of a loyal investor base, two thirds of which are customers, charities, employees and pension funds in the UK, our commitment to responsible investment, dividends and executive pay, are all important features of running a socially responsible business .

In our research, the availability of clean drinking water consistently remains the number one priority for customers. With a reputation for water quality, we want to expand this across all the regions we support; with new treatment works, and new water resources, and strengthening water resilience to break the cycle of drought. This sits alongside our commitment to reduce the use of storm overflows and eliminating pollution incidents.

As a socially responsible business, responding to climate change and delivering on net zero, and supporting customers through the cost of living crisis are equally critical. As we look forward, it's these four priorities that will remain at the core of our next business plan and beyond, given they are multi-generational challenges.

We want to go further and faster in empowering customers, giving more customers the chance to have a greater say as shareholders, and continuing to shift control, from water company to customer. Given the success of the independent WaterShare+ Customer Advisory Panel in holding us to account on behalf of customers, we will launch a new environmental panel. This new WaterFit Advisory Panel will do the same on environmental matters, from net zero to pollutions.

If you can't choose your water company, then you should get to choose what you pay for. One of the features of this business plan will be trialling innovative approaches to tariffs and charging, enabling customers to choose the right plan for them, to encourage responsible water usage and recognising the unique demographic of our region and its dependency on tourism. The prevalence of second homes can be as high as 40% in tourist hotspots, and the rise in Airbnb estimated to have one listing for every five residential properties in the most visited areas. At the same, demand for recreational use of water in holiday properties is changing with 1 in 10 households now thought to have a hot tub (as estimated by the British and Irish Spa and Hot Tub Association) – one of the less talked about legacies of the pandemic.

Internally, we have also spent time looking at our culture and leadership capacities and have a set of new values. Our values are focused on helping us to be the very best we can be. As individuals, as teams and as a business. We want to be rock solid in our thinking and actions. It's how we will win trust. And that's why, for this business plan, the pictures you will see are of our employees and their families and friends.

Finally, as one of the largest employers in the South West, we support an economy that is equivalent to the size of Greater Manchester, with business hubs in Bristol, Exeter and Plymouth and home to over 100,000 businesses and c. 13,000 farms. That said, the cost of living crisis has taken its toll on our region.

Encouraging investment, both private and public remains an urgent priority for the region, and particularly given future economic uncertainty. This plan will support over 2,000 jobs, support the regional economy, the wider supply chain, and the cost of living crisis.

We extend an invitation to everyone either living in our region or visiting to join us on this transformative journey towards crafting a sustainable, resilient, and affordable water future for the Greater South West.



Board pledges

The past few years have shown us that we need to be able to **quickly adapt**

The last few years have been extraordinary. Extreme weather patterns have tested our operational resilience. At the same time, inflationary pressures proved our financial resilience. We have been able to respond, with agility and pace, whilst also pivoting to focus on the things that matter right now.

We are already tackling the biggest challenges head on and in fixing the issues that plague the sector right now. Our Board pledges have therefore evolved to reflect this and what's right for the regions we support, our customers and in rebuilding trust.

The Board pledges set for 2020 captured both the priorities of the sector and the sentiments of customers at the time, and against which we have made progress. Ensuring investments delivered value for money, in keeping bills as low as possible, and finding new and better ways to deliver for customers, were at the forefront of our plans for 2020-2025. Five years ago, climate change impacts on water security and resilience and fixing storm overflows, didn't feature on the priority list for services or in the minds of our customers. Neither did the global pandemic and the shock waves that followed.

It's a great lesson in the importance of being adaptive, fleet of foot and dynamic, and in recognising that 5 years can be a long time in the sector – especially as we look forward to 2050. It also points to the importance of financial resilience, a strong balance sheet and supportive investors, who can and will provide equity injections when needed. We continue to have all three.

In that context, and with more customers and new customers as a result of our acquisition of Bristol Water and including the Isles of Scilly, we have a very different plan for 2025-2030. A plan that reflects the priorities of the region, tackles the biggest challenges head on and takes account of the revised regulatory and legislative requirements. The £2.8 billion investment programme for the region is therefore a plan for water just as much as it is for wastewater and a plan where levels of customer support for tackling the key challenges are upwards of 90%.

What's also clear, due to our increased size and scale, is that we are able to replicate and deploy services for the benefit of even more customers, efficiently, whilst keeping bill increases affordable in this cost of living crisis. As part of our continued investment in the UK Water Sector, customers of Bristol Water, Bournemouth Water and those in the Isles of Scilly are set to receive their largest ever investment in their water infrastructure and in resilience, building on the track record for water services we have delivered in Devon and Cornwall, and sharing the learnings from the extended drought. It's also why we're resurrecting the previously disregarded plans for the Cheddar 2 reservoir, that will benefit customers across the Greater South West.

For customers in Devon and Cornwall, and mirrored right across the sector there is a need to work even harder, to restore trust in wastewater services. That's why we're proposing investments in delivering storm overflow improvements at bathing beaches, ahead of government mandates, and especially given the significance on the economic and environmental wellbeing of our region. We always said we wanted to be an environmental leader and as we reflect on our current Board pledges, it's the one area where progress hasn't moved on as much as it should. We are determined to fix that, and in recognising it's a multigenerational challenge. Rebuilding trust over time through our actions is therefore at the heart of our Board pledges which we have evolved to support the plan for 2025-2030, some being new, and some being recommitments.

Board pledges to 2030

We will tackle the biggest challenges head on

Tackling storm overflows and pollution through major investment in bathing beaches and our wastewater network

Complete the storm overflow investment programme in 15 years – a full 10 years ahead of target

Tackle every beach by 2030 – ensuring bathing water quality is maintained all year round

Assess 100% of storm overflow solutions using the principle of 'Green First' – so that nature-based solutions are considered from the outset

Increase the volumes of wastewater treated from 97% to 98.5% by 2030

Deliver the lowest pollution levels in sector, with zero serious pollutions.

Delivering the most ambitious water resources and water quality plan in decades

Commence investment to increase supply by over 50 million litres per day – enough water to supply over two cities the size of Exeter

Creating a water grid to ensure all our strategic reservoirs are connected so we can easily move resources across the region

Reduce water taken from environmentally sensitive rivers by 12 million litres per day – enough to fill five Olympic size swimming pools every day

Upgrading a third of water treatment works and rolling out a programme of cast iron mains replacement to tackle localised issues with how water looks and tastes.

Driving environmental gains and continuing our journey to net zero

Deliver the next stage of our net zero commitment – as we target net zero 2030

Modernise wastewater treatment on the Isles of Scilly for over 2,000 residents, putting an end to untreated sewage to coastal waters

Upgrade treatment works to reduce excess nutrients to the water environment and unlocking the development of 6,500 homes

Transform sludge treatment processes to prevent pollution, whilst boosting the value to the circular economy by recycling more waste and generating enough energy to power up to 10,000 homes

Boost nature recovery through planting 300,000 trees, launch our 1000 ponds initiative, and expand Upstream Thinking to 146,500 hectares – to create and restore habitats.

We will rebuild trust over time through our actions

Commitment to a sampling and monitoring programme that will rebuild trust and confidence in our bathing water quality

Establish an independent Environmental panel: the WaterFit Advisory Panel

Lead on campaigns that will engage customers and communities in co-creating a system that future generations can proud of.

We will address affordability, be efficient and less wasteful

Ensure stretching efficiency targets are met saving £1 in every £8 spent

Near doubling of investment but keeping average household bill increases to a minimum

Reduce waste by reducing leakage by 19% across South West and Bournemouth regions and 14% in the Bristol region

Reduce waste by reducing leakage on our network to less than 10%, and to less than 5% on customer pipes

Accelerate smart metering roll out, helping household customers use 5% less water

Roll out of innovative, fairer tariffs that put customers in control of bills and water usage

Extend our zero water poverty pledge to 2030.

We will continue to empower customers, with a stake and a say

Extend our unique customer share ownership scheme so that 1 in 10 households has a direct share in our success

Expand the remit of the independent WaterShare+ Customer Advisory Panel to vote on Executive Pay and Dividend policy

Continue with the sharing mechanism for customers to benefit from any financial gains made by the business

Target excellent customer service performance.

WaterShare+



We will support the regional economy and our communities

Invest over £4 billion in the region to enhance the communities and the environment we serve

Deliver 1,300 projects to improve bathing and shellfish waters, protect rivers and support local ecosystems, all year round supporting tourists and businesses who depend on them

Provide over 2,000 new job opportunities through our regional investments

Develop over 1,000 people through apprenticeship and graduate schemes.

Executive summary

Serving the Greater South West



3.5million
residents

Population grows up to
10million
in the summer

One third
of the nation's bathing
beaches are in our area

Much has changed in the regions we support and the services we provide since our last business plan.

As a Group, we have a long and established history in running water companies. Our strategy is to take the best of our services and replicate it, efficiently and effectively for the benefit of all our customers. And as a socially responsible business, led by our purpose, our role goes further. We also have a responsibility to support those who live, work and visit our region, protect the places they love, today and for the longer term.

Collectively, we provide water and wastewater services to c.1.8 million South West Water customers across Cornwall, Devon and parts of Dorset and Somerset, and extended our services to include over 2,000 Isles of Scilly customers in 2020. We also provide water services to c.500,000 Bournemouth Water customers in parts of Dorset, Hampshire and Wiltshire. Since 2021, we have also extended our water services to include c.1.2 million customers in and around the city of Bristol.

Our approach is always the same whether city, village, or island, to focus on delivering local services, in a way that works best for customers and communities, using our expertise and size and scale to do this in the most cost-effective way.

Together, we serve nearly 3.5 million customers, and given we are the UK's most visited tourist attraction, outside of London, this rises in the summer months to 10 million as visitors come to the region, and where 80% of those visiting come specifically to enjoy the coast or a beach.

The nature of our region

There's no doubt that the standout feature of the region is our 151 bathing beaches and our 860 miles of coastline, with 4 national parks, including the UK's first national marine park and an UNESCO biosphere in North Devon with 10 Areas of Outstanding Natural Beauty. Agriculture accounts for over 70% of land use in the region with over 13,000 farms and farming has a far wider influence on life in the region too. The wider food and farming sector is critical to supporting an important visitor economy, and associated food, farming and aquaculture industries.

A unique situation in the region is that 3% of the nation's population pays for the upkeep of 36% of the beaches. This is recognised by Government through a £50 government contribution to bills. It is a matter for Government whether to keep this, but 88% of our customers expect that it will continue given its importance.

The region also supports an economy that is equivalent to the size of Greater Manchester, with business hubs in the cities of Bristol, Exeter and Plymouth, and almost 128,000 businesses. In the main, these companies tend to be smaller, with the vast majority described as micro businesses and with less than 10 employees.

Despite this, it's a region with ambition, and in wanting the region to be clean, smart and connected, there are plans to become the first net zero carbon region in England, to become a net exporter of clean energy, creating 175,000 jobs by 2030, and where cities such as Bristol are leading the way in its commitment to the UN Sustainable Development goals.

That said, there's much that's needed to ensure the Greater South West succeeds and especially given the current cost of living crisis. Low levels of spending power exist across the majority of the 45 parliamentary constituencies across the region, meaning that 6 out of 10 areas are below the national average. At the same time, 1 in every 3 score above the national average for deprivation. Encouraging investment, both private and public remains an urgent priority for the region.

A growing population, changing the nature of services

The South West has experienced the second highest level of net migration in the past ten years, over 300,000, and unique in that this has been dominated by migration from other parts of the UK. The assumption is this has been driven by retirees or following the pandemic, those able to work from home, all or for some of the time. All of this has had wide ranging implications on the variability of demand for services. Looking forward, it's estimated that another 530,000 people will be living and or working in the region by 2050.

Furthermore, whilst home-ownership is becoming increasingly out of reach for the young, given the cost of living crisis, it's also becoming doubly difficult in the South West. It's a region that is characterised with an ageing population, when compared to the rest of the UK, with almost a quarter over the age of 65. And, whilst the numbers of second home ownership is known to be notoriously difficult to collate, it's estimated that the number of second homes is as high as 40% in tourist hotspots, and typically 10% in other coastal areas. Additionally, the rise in Airbnb is estimated to have 1 listing for every 5 residential properties in many of the region's tourist hotspots.

Demand for our services are increasing, with the products we use every day changing

One of the less talked about legacies of the pandemic has been the increasing demand for the recreational use of water with 1 in 10 households now believed to have a hot tub, and as people's affection for spending time in and around green and blue spaces became a priority.

In the UK, over 11 billion wet wipes are used every year, 90% of which contain some form of plastic and the equivalent of 163 wet wipes for everyone in the UK. Each year, across the South West, we remove around 450 tonnes of unflushables such as wet wipes, sanitary products and cotton pads from our system. This is enough to fill the equivalent of 30 double decker buses.

24%
of the population
are over 65 years old

1 in 5
residential properties are
Airbnb in key tourist areas

1 in 10
households now
own a hot tubs

Up to 6°C hotter and 60%
drier summers
than 30 years ago

A stake and a say
in our business

WaterShare+

90,000
customers are
shareholders

30,000
customers
and 1,000
stakeholders
engaged directly
in our plans

Clean, safe
water supply

1

Prevent
pollution

2

Protect bathing
waters

3

Climate change is changing our environment

Climate change is radically changing our environment. Drought, rising temperatures, flooding, rising sea levels, storm surges and coastal erosion are now too frequently becoming part of everyday lives, for our customers and communities. Last year, the South West experienced one of the hottest summers since records began, a 1 in 200-year event and at the time of writing, we are one of only two regions in the UK that are still officially in drought.

Summers are up to 6°C hotter and 60% drier, with up to a 20% increase in rainfall intensity in the last 30 years. In the space of one month last year, we experienced three major storms, destroying infrastructure and nature, including an iconic tree in Bude, ripped from the ground.

Rising sea levels and coastal erosion presents one of the biggest unique risks to our region. Not only are our largest cities Exeter and Plymouth vulnerable, but so too are the homes and livelihoods of people right across the South West.

A unique relationship with our customers

Too many people today do not feel they can readily have a stake in society, whether through politics, share ownership or home ownership and the cost of living crisis has done nothing to help this.

Running a water company is a privilege, given customers can't choose their provider. The New Deal, our current business plan, sought to achieve a first in the sector – to change the nature of the relationship customers had with their local water company, putting them in control, and to build a socially responsible business model where the ownership is unquestioned.

From Bristol to Bournemouth and Bodmin, we've been re-enfranchising local people, giving them an anchor in becoming shareholders in their local water company as part of our socially responsible business model. With Pennon a FTSE listed business, we have four times the number of customer investors as we have institutional ones. This gives customers a tangible stake and a say in what their local water company does and prioritises, and in our plan for PR24.

In the space of three years, we have achieved something never seen before. Approximately 90,000 customers, four times the number of institutional shareholders, now have a direct say in how South West Water is run. This is the equivalent of 1 in 14 households in the South West.

Customers tell us that we need to act now

In the run up to developing this business plan, we have never had more feedback or direct engagement with customers. Whether at one of our quarterly WaterShare+ public meetings, our AGM, the 'Your Water, Your Say' sessions, or community meetings with MPS, we have been listening. We have also engaged directly with c.30,000 customers and 1,000 stakeholders in polling and testing.

In all our research, the availability of clean drinking water consistently remains the number one priority for customers. This alongside our commitment to reduce the use of storm overflows and eliminating pollution incidents form the basis of our plan. As a socially responsible business, responding to climate change and delivering on net zero, and supporting customers through the cost of living crisis are equally critical. As we look forward, it's these four priorities that we are already focused on now, that will remain at the core of our next business plan and, given it's a multi-generational challenge, will be part of our strategic direction to 2050.

We have to deliver on our existing plan to 2025

We are tackling challenges head on – and have action plans in place to ensure we deliver on our priorities. We are currently achieving c.70% of our commitments – and we will continue to target improvements .

By the time we get to 2025 we will have:

- Achieved our best ever environmental performance
- Improved source availability by 45% in Cornwall, 30% in Devon and 80% on the Isles of Scilly
- Reduced bills to their lowest levels in 10 years.

This provides a very strong platform for this new plan.

Why this is the right deal for right now

A vision towards a sustainable future – let’s do this

Our PR24 Business Plan for the Greater South West is more than just a commitment; it’s a vision for a sustainable, affordable, and responsible water future. We’re evolving what we do, how we work, how we rebuild trust with the public and how we respond to the things that matter most to our population of 3.5 million people and those that visit us. Whilst making record levels of investment in the region, and in creating c.2,000 of direct jobs and in the supply chain, we also pledge to ensure that bills do not rise unnecessarily, and continue to be kept as low as possible.

In supporting our ambition, the Government has agreed that we all need to go further and faster, taking a systematic, local, catchment-based approach, in a coordinated and collaborative way, using both nature-based solutions and investment in infrastructure involving communities, water companies, and the supply chain. As a consequence, this is the largest investment that we will have made and represents a doubling of investment for the region. And as part of our continued investment in the UK Water Sector, Bristol Water customers, Bournemouth Water customers and those in the Isles of Scilly are set to receive their largest ever investment in their water infrastructure and in resilience, building on the track record for water services we have delivered in Devon and Cornwall, and sharing the learnings from the extended drought.

At the same time, this plan is a plan of balance

Balanced in how we are tackling the priorities for the region, where we are spending nearly just as much on water quality and resilience as we are on storm overflows and pollutions, and in recognising what customers tell us is most important in our region. Customers are supportive that we should invest more and now, with universal agreement that the priorities are the right priorities and where levels of support for the key initiatives are upwards of 90%. It’s therefore also a plan in which we have thought carefully about the pace of change, about what we should do, when and how. Many of the challenges we are tackling head on are multi-generational ones, far exceeding the timeline under review for this plan, and we have therefore considered where we need to start investment now to make more progress over the longer term.

Boosting water resources

for Cornwall by 45% and Devon 30% by 2025

Four strategic priorities for the future



Water quality and resilience



Storm overflows and pollutions



Net zero and environmental gains



Addressing affordability

Our plans meet
all legal standards

Storm overflows at beaches addressed
2 decades ahead
of all Government targets

1/3
of customers willing to pay over
£200 extra
per annum

Devon, Cornwall & Isles of Scilly

2025/26 £3

2029/30 £9

Bournemouth Water

2025/26 £1

2029/30 £3

Bristol Water

2025/26 £1

2029/30 £2

This includes our approach to storm overflows where we are already tackling 49 beaches to 2025, with a plan to tackle 100% of the storm overflows at beaches by 2030, two decades ahead of the government target. This is part of a commitment to maintaining 100% bathing water quality all year round, and given the importance of our beaches to the local economic health of the region and recreational use. Our approach will also be to take a “Green First” approach to investment, working with nature to improve drainage and reduce storm overflows. Completing our storm overflow plan is part of a 15 year programme, in which we will have met the government targets, 10 years ahead of requirement.

On water resilience, and as part of the most ambitious water resources plan for many of our customers in decades, we will be resurrecting plans, so vital to the Greater South West’s ongoing and future resilience by starting the investment in new reservoirs in the region, starting with Cheddar 2 in Bristol and a water re-use plant in Poole.

We are acutely aware, in a cost of living crisis, how undesirable it may be for any bills to increase. We have delivered meaningful reductions in bills over the last five years; and indeed bills are lower today than they were 10 years ago. However despite rising concerns we have seen a step change in the average willingness to pay more, up from £10-£15 five years ago, to £50 for this plan, and for a third customers there is a willingness to pay in excess of £200.

Most importantly, when comparing acceptability of this plan to our last, we have seen a 10-point increase with acceptability for this plan rising to 74%.

Whilst two thirds of customers support this plan, we aren’t complacent, lessening the impact through delivering efficiency, as well as supporting customers with affordability issues and introducing new tariffs options that better reflect usage.

On average a water and sewerage bill for Devon, Cornwall and the Isles of Scilly will rise by £3 a month in 2025 – rising to £9 a month in 2030. Bristol bills will rise by £1 a month in 2025 rising to £3 a month by 2030. Bournemouth bills will rise by £1 a month in 2025 rising to £3 a month by 2030.

Our plans will deliver a step change for water quantity and water quality.

This is why we believe this is the right deal for right now, and in delivering a vision for a sustainable, affordable and responsible water future.

How we'll deliver

With a programme of this size and scale, we have also spent time thinking about how best to deliver. In reality, we have already started to tackle the main challenges head on, and therefore our transformation is well advanced, building on the ramping up of investment over previous AMPs and within the current period.

Consultant partners (project and programme management, cost management, design and engineering services) and tier one partners have already been appointed and through close engagement with our supply chain, we can be confident that there is sufficient capacity in the market to deliver the required step up in investment.

In addition, we will be developing a new Project Management Academy to support our increased requirement for core Project and Programme Management skills, and this will sit alongside our commitment to have 1,000 graduate and apprenticeships by 2030. Internally, we have also spent time reviewing how we work. All of our great people will operate by a new set of values to reinforce our plans to rebuild trust by being rock solid, being themselves and focused on the future. And we will also be ensuring we equip our leaders with the skills they need by rolling out our Lead and Lead Aspire development programmes, adopted from Bristol Water, across the Group and we will offer this to our supply partners too.

All of this will be underpinned by responsible financing, with the support of a loyal investor base, where two thirds of our investors are customers, charities, employees and pension funds in the UK. Together with improving customer service and an engaged workforce and committed supply chain, we can be confident of delivery, and in delivering the right deal for right now.

Creating over
2,000
new jobs
in the region

Supporting
the local supply chain
and regional economy



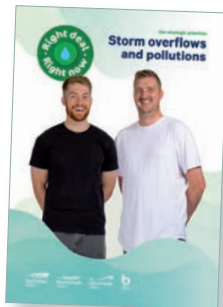
Our four challenges

Investing to upgrade **one third** of treatment works across the region

Find out more here



Water quality and resilience



Storm overflows and pollutions

Tackling **100%** of storm overflows at beaches by 2030

Water quality and resilience

In the face of shifting weather patterns and a growing population, we are determined to continue to transform how we protect and secure water resources with unrivalled water quality across the region that will last for generations. Our vision is to innovate to provide water storage, water quality and to change how we all think about protecting water usage. Our plans include:

- The largest investments since privatisation for our customers, the ongoing modernisation of the infrastructure we inherited on the Isles of Scilly and upgrading one third of the water treatment works across Devon and Cornwall.
- Invest in new large reservoirs in the region, starting with Cheddar 2 in Bristol and a water re-use plant in Poole
- Accelerating the replacement of lead pipes across our network, expanded to include customer pipes in an ambition for the region to be lead free by 2050
- Target industry leading leakage levels across our region to less than 10% of the water we produce, and less than 5% on customers own properties.

Storm overflows and pollutions

We share the same urgency as our customers in safeguarding our region's beaches, eliminating pollution incidents and reducing the use of storm overflows. Through our WaterFit programme, we've made progress, but we have more to do.

By 2030, we pledge to have tackled the use of storm overflows at our bathing and shellfish waters. Our approach blends nature-based and engineering solutions, coupled with comprehensive water monitoring and sampling programme, to rebuild trust in our communities. What's more, our ambitious journey will create local job opportunities, bolstering the region's economy. We will also:

- Ensure that the Greater South West will have the best performance for the lowest absolute water pollutions in the industry matching our sector leading internal flooding performance
- For the first time ever, put in place sewerage networks and treatment facilities on the Isles of Scilly
- Establish a new independent environmental advisory panel to ensure we are focused on putting the environment first.



Net zero and environmental gains

Climate change is undeniable, and we're taking bold steps in the Greater South West to respond to the changes we are all experiencing. By 2030, we're committed to achieving net zero, proving our dedication to minimising our impact on the planet. We'll invest in climate-independent water sources, water reuse, and enhanced transfer networks. We'll repurpose brown field sites, build new reservoirs, and amplify our water resources significantly.

While our focus remains steadfast on water efficiency, leak reduction, and premium drinking water, our planet's health takes centre stage.

- Supporting the circular economy through maximising the value from bioresources
- Carry out restoration schemes across our catchments to boost habitats and naturalise river channels, removing weirs and bank reinforcements, adding fish passages, eel screens and replanting vegetation and trees
- Delivering nutrient neutrality at seven sites, unlocking the building of 6,500 homes.



Addressing affordability and delivering for customers

Our plan isn't just impactful; it needs to be pocket-friendly for all our customers. We're tackling monumental industry challenges, and we're delivering on our promises, all rooted in what our customers deem important. We will continue to champion water-saving initiatives, leak fixes, and money-saving tips. We recognise that some customers face affordability challenges due to the cost of living crisis, and we're here with multiple solutions and extensive assistance. Our overall investment program is doubling, yet we're challenging ourselves to be efficient and effective to limit the impact on customer bills.

- An affordability package of £200 million
- Further shift control, from water company to customer, with an ambition to have 1 in every 10 households having a stake and a say in their local water company through WaterShare+
- Introduce new tariffs and charging, enabling customer to choose the right plan for them, to encourage responsible water usage and recognising the unique demographic of our region.

In summary

Our customers are at the core of everything we do, every single day. We don't say this lightly, we've invested countless hours actively listening to their feedback. We understand the delicate balance between robust investments and affordable bills. By 2030, we'll have unveiled new resources and sustainable solutions, catering to our region's growing population and the changing weather patterns and will prove that we mean what we say about reducing our use of storm overflows and reducing our impact on our environment.

12,500
hectares of restoration

Find out more here



Net zero and environmental gains

1 in every 10
households having a stake and a say

Find out more here



Addressing affordability and delivering for customers

Making progress



Daniella Twelvetree
Head of Customer
Communications
& Engagement

Making progress against key priorities

The last three years have been nothing short of extraordinary.

Since we set out to deliver our plans from 2020, we have had to adapt and demonstrate new levels of agility to address the challenges we have faced. At the same time across the sector, what is required of us has increased, as expectations around the environment have grown and we have been challenged to clean up our act.

Alongside, we have grown, with the expansion of our operations to the Isles of Scilly from April 2020 and through the latest merger with Bristol Water completed in February 2023 – providing opportunities for best of the best growth and development across both regions.

And through all these, we have shown that we can respond to new challenges as they emerge, supported by our shareholders. We have improved our financial resilience through a £45 million direct equity injection, making responsible dividend decisions and reducing the high levels of debt Bristol Water had – with the combined company now more resilient than ever. Through shareholder support we have been able to fund new initiatives such as WaterFit (£45m), Green Recovery (£82m), and Accelerated Delivery (£128m of which £52m is in AMP7) – as well as investing further and faster in drought resilience (£125m) and we continue to fund the investment required to provide reliable and robust services to our customers through the strength of the financial position, where we continue to have one of the lowest interest rates in the sector.

This allows us to, every day, deliver our plans, empowering and supporting customers, protecting our employees, and improving the environment.

And through it all, we have always been fleet of foot to tackle issues, and taken wider learnings on board which position us well for the future.

We are delivering our commitments

We are well underway with the delivery of our largest environmental investment programme, which includes delivery of accelerated and additional investments such as WaterFit and Green Recovery, alongside our existing extensive business plan commitments. This is a step up over what was agreed with our regulators – and we are able to do all of this because of our robust balance sheet and financial resilience, supported by year on year increases in outperformance.

Overall, we have delivered 70-80% of our Outcome Delivery Incentives over the 3 years to 2023 – however, like all other companies in the sector, there is more to do to meet the stretching targets set to 2025 – with no company achieving a net reward for the common measures set for the period.

Water quality is our top priority and South West Water had one of the best CRI score for combined water and wastewater companies – although still above the industry's target of zero (deadband of 2). In Bristol, performance has been challenging particularly in 2022/23 which was impacted by one large failure – with substantial investment planned and an expansion of our Quality First programme into this region.

Find out more here



WaterFit – our plan for healthy rivers and seas



Green Recovery Initiative

We have delivered

70-80%

of our regulatory targets over the past three years

Find out more here



Action plans to 2025

2022/23 was impacted by the hot dry summer followed by an exceptionally wet and stormy November ending with a cold-snap in December/January – placing pressures on both the water and wastewater network. Areas where we have previously outperformed (such as blockages and external sewer flooding) increased, however we remained sector leading for internal sewer flooding, delivering upper quartile performance in treatment works compliance and outperformed our sewer collapses target.

On the water network, performance was particularly impacted by the weather with supply interruptions, mains repairs and leakage increasing in both regions. However, in the South West, our unwavering focus on reducing leakage and managing our network to mitigate burst repairs during the hot dry summer meant that we met our targets for the year, whilst Bristol did not achieve these outputs – having delivered in previous years. For supply interruptions we inevitably saw an impact from the ‘freeze/thaw’.

There are lessons to learn particularly in how we respond to complex, larger events which was the cause of much of our performance last year. Our industry leading water network training centre is key to this – ensuring we manage our network effectively after repairs are completed as well as testing new innovations to support continuous improvement.

Resilience of our treatment works was essential during the summer when demand rose and in the South West unplanned outage was sector leading. In Bristol the exceptional pressure placed on our works to drive demand resulted in an unplanned outage towards the end of the year – and works are ongoing to deliver a significant improvement at this site – however, positively, it is not impacting supply to customers.

We seek to deliver positive outcomes for our customers and across all our regions our support for vulnerable customers is strong – exceeding all targets in this area – ensuring we are able to respond to customer needs should an issue arise. In Bristol we achieved a C-MeX position of 6th in 2022/23 and upper quartile performance of 4th D-MeX. In South West our position is significantly impacted by customer perception and public concern over storm overflows and the higher bills in our area. With a ranking of 12th for C-MeX and 11th for D-MeX we see a great opportunity to take best practice and we are focused on delivering our action plan for improvements – with a target of 8th by 2024/25.

For key common areas where we are seeking improvement we have published our action plans to tackle these key areas and monitor these plans with the WaterShare+ Customer Advisory Panel as well as publish updates twice a year.

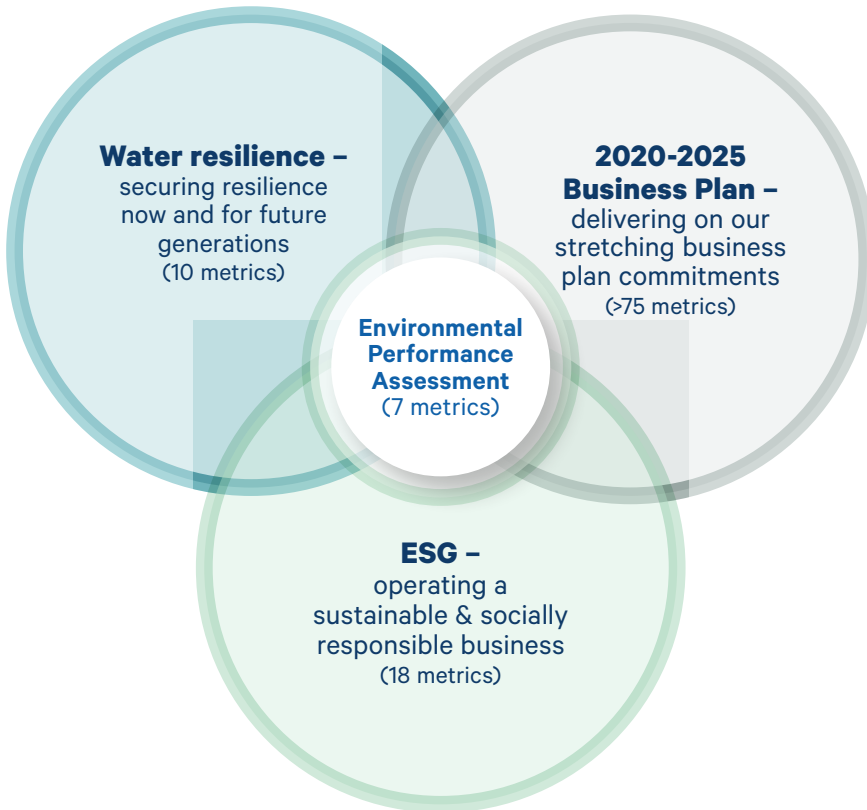
We track and measure environmental performance against over 100 metrics, with metrics relevant to the Environment Agency’s Environmental Performance Assessment (EPA). We are challenging ourselves to deliver on all our outcomes and increase our rating.

We currently have a 2☆ rating with our underlying performance, improving across all environmental metrics, and we remain committed to achieving a 4☆ rating, with year on year improvements in performance.

Making progress continued

As well as delivering against our business plan commitments, we have sought to tackle the biggest challenges head on – some of which were not key parts of the last business plan, have been driven by the impacts of climate change, macro-economic factors or where the delivery has been more challenging than expected.

Whilst we are targeting investment and improvements in these key areas to 2030 and beyond, we are already making progress.



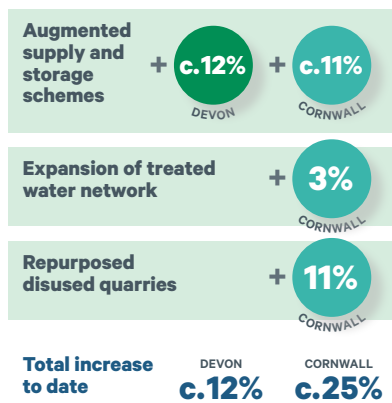
Find out more here



Performance Update & Action Plans



Supply-side investments underway, adding additional resources¹



90%
of our water comes from the region's rivers

Water quality and resilience

Delivered in 2022/23

- **Water quality** – delivered monitoring on the Isles of Scilly for the first time with Radon investment reducing CRI impact by 5 times. Delivering our Quality First programme
- **Water resilience** – delivered c.12% increase in supplies in Devon and c.25% in Cornwall, alongside our largest ever customer campaign 'Save Every Drop'

Our 2025 target

Increasing water resources available by c.45% in Cornwall and c.30% in Devon

How we'll achieve this

→ Investing c.£125 million in: **Cornwall** – Desalination and further re-purposing of quarries adding a further 20%

Devon – New storage sources delivering c.18%

Delivering our Quality First transformation

→ Expanding our programme to the Bristol region, focussed on tank cleaning culture and training

Investment in 6 treatment works across the region

→ New ceramic treatment at Alderney and Knapp Mill as well as 4 upgrades in Devon and Cornwall

In the South West we are used to managing peak demands as tourists flock to the region and we see increased usage in sectors such as agriculture and hospitality over the summer months. During the exceptionally hot dry summer in 2022, our teams worked around the clock to ensure water quality was maintained and customers received a continuous supply of clean, safe drinking water.

2022 was one of the hottest years on record – so severe we only expect it to occur every 200 years. This led to record demand for water from customers and visitors, record low soil moisture deficit levels, and increased the demand on our network as we looked to protect rivers from running dry through releases from our reservoirs back into the rivers. Because of this we had to implement our drought plan and introduced hosepipe restrictions for the first time in over 25 years. But we responded to this challenge quickly and have actions and investments already underway to mitigate the risk to 2025 and support our long-term plans for resilience.

We are increasing supply side investments with our programme to reinvest c.£125 million to diversify water resources across the region, building resilience for now and the long run. We have already made progress – creating new sources through repurposed quarries as well as developing new pipelines, and developing innovative desalination solutions and additional storage. Cornwall's supplies are set to increase by 45% by 2025, and in Devon the increase in supply will be 30% by 2025. This is a good basis for our future plans.

Storm overflows and pollutions

Delivered in 2022/23

- **Pollutions** – delivering on our PIRP¹: 18 rising main replacements, 1,700 sewer depth monitors installed to date, 50 hotspot investments (260 to date in K7)
- **Storm overflows** – monitors installed at 100% of our storm overflows, 30% reduction on average overflow spills in 2022, reducing infiltration, adding storm storage, increasing treatment flows and operational optimisation
- **River water quality** – 4 phosphorous removal interventions supporting almost a third RNAG³ improvement to date in K7
- **Bathing water improvements** – 19 completed to date – pilots progressing on Rivers Tavy and Dart

Our 2025 target

**4★ EPA rating (for 2024)⁴
– 80% reduction in pollutions in K7**

How we'll achieve this

→ 30% further reduction required over 2023 and 2024 – roll out of telemetry and risk based interventions

100% bathing water quality maintained and bathing water quality achieved on the Rivers Dart and Tavy

→ Delivering all 22 bathing and shellfish water schemes, sewer separation and monitoring

Reducing CSO releases to an average of 20 per asset, per year

→ Average releases reduced to 28 from 39 in 2022 – continued delivery on our WaterFit programme of investment

Like all water companies in the UK, we have historically relied on storm overflows which are designed to prevent sewage filling our streets and flooding homes and businesses. Today, these are increasingly unacceptable, and we are accelerating investment to reduce their use and benefit communities.

Given the nature of the region, when things go wrong, the risk of pollution is high. Across the region there is water everywhere – mostly seas, but also rivers, lakes, reservoirs. And given the culture and nature of the region, most people live around water – with nearly 8 in 10 people located at coastal or estuarine locations. This is therefore where our assets are located – so when things go wrong, we can expect impacts on waterways.

Our New Deal plan committed to an 80% reduction target in pollutions by 2025 to achieve sector leading levels.

Delivering this target is a priority – and a challenge – requiring our best people, based on robust data and analytics, as set out in our Pollution Incident Reduction Plan. And so far we have seen a 50% reduction in wastewater pollutions since 2020, as well as a 75% reduction in serious pollutions last year – as we deliver year on year reductions in pollutions.

Overall in 2022/23 total wastewater pollutions of 108 was the second lowest in the industry – and we are focused on continuing to reduce pollutions so they are the lowest across the country and reducing serious pollution incidents.



100%
bathing waters meet
all stringent tests

Find out
more here



WaterFit – our plan for healthy rivers and seas

50% reduction
in pollution since 2020

Find out
more here



Pollution Incident Reduction Plan

Delivering nature-based solutions across **80% of drinking water catchments**



Net zero and environmental gains

Delivered in 2022/23

- **Sustainable living:** Reducing process emissions – carbon capture and storage trials underway, monitoring in place
- **Championing renewables:** Investing in solar PV schemes across the Pennon Group to achieve c.40% self-generation
 - Investment of c.£145m to date in acquiring four sites across the UK, expected to produce around 135 GWh of electricity on an annual basis from solar PV, with additional battery storage capacity of 60 MW
 - Increases energy security and resilience, and delivers returns ahead of regulatory earnings.
- **Reducing carbon emissions:** 300 hectares of peatland improved
- **Biodiversity benefits delivered alongside:** >110,000 hectares improved, 220,000 trees planted to date

Our 2025 target

50% renewable energy self-generation³

How we'll achieve this

→ £160m capital allocation to acquire and develop Solar PV sites, alongside our smaller scale roll-out in South West Water

Restoring 1,000 hectares of carbon-absorbing peatland

→ Delivering on our Green Recovery and Upstream Thinking programmes

The impact of climate change is upon us and we all need to play our part in protecting the planet's precious resources.

We know there will be more extreme weather events in the future – more storms, more freeze-thaw events, hotter summers, rising sea levels, and more flooding. Adapting to these conditions is more important than ever, with our investment needing to build resilience.

The work that we do – whether it is peatland restoration for carbon capture, or planting trees to slow surface flows to protect beaches – there are enormous gains to be had from using nature based solutions.

Our award-winning Upstream Thinking programme is driving an increase in nature and biodiversity across the region, and our work since 2020 we have broadened our activity in this area.

We don't do this alone – we work closely with partners to deliver initiatives across the region, including Exmouth, Dartmoor, and Bodmin Moor, as well as West Country Rivers Trust, the Wildlife trusts in Devon and Cornwall, FWAG and the South West Lakes Trust.

Delivering on our net zero 2030 commitment remains as important as ever, and we are making good progress – having reduced our carbon emissions by 40% since 2020.

Addressing customer affordability

Delivered in 2022/23

- **Below inflation bill increases** – South West +0.8%, Bournemouth -1.1% and Bristol +5.5%
- **WaterShare+** – Second c.£20 million issuance equating to £13 bill reduction per household
- 23% increase in customers benefiting from our social tariffs, 110,000 customers accessing one or more of our affordability initiatives

Our 2025 target

Eliminating water poverty – 100% customer affordability

How we'll achieve this

→ 100% Bristol and 97% South West customers find their bill affordable – expanding our affordability toolkits

Doubling the customers benefiting from our social tariffs over K7

→ Increasing awareness of our customer outreach and engagement programmes

Increase community investment by 30%

→ Engaging communities through our neighbourhood funds

Trials for fair charging

→ Seasonal and eco-tariffs, capacity charging and continuing social tariffs

We are on track with our Board pledge to 2025 to eradicate water poverty, with 97% of South West and Bournemouth customers and 100% of Bristol customers with an affordable bill.

We have an extensive and tailored package of affordability and vulnerability measures to support customers, including specific tariffs and income maximisation schemes. And we have kept bills below inflation and increased the number of customers benefiting from one or more of our social tariffs.

Under our New Deal, we have already delivered more than £85 million of benefits so far, at a time when many customers need it most.

We work hard to deliver quality services as efficiently as possible, so that bills remain as low as possible. This means keeping bills below inflation and lower than customers pay to other utility providers. In all of the areas we serve, average bill increases are being kept well below the headline rates of inflation.

And we are considering again the way that we charge for services is key. We are challenging ourselves to develop more innovative and sustainable tariffs that allow us to deliver on commitments without adding to the financial worries of the customers we serve.

Customer support to date:

c.£40m
WaterShare+
 +
c.£10m
STOP THE DROP
 +
c.£35m
support unlocked

Investing in communities and people

Our colleagues are also customers – so it is in all of our interests to contribute positively to the communities in the region we serve.

We support community groups with funding available in all our regions including our South West Neighbourhood Fund and Water Saving Community Fund, and Bristol's Community Fund, supporting a range of initiatives across the Bristol region.

In total over 130,000 people have benefited directly from these projects to date this regulatory period. Given the importance of our role in communities we're proud to be providing £1 million to local charities and other good causes.

Our school education programme is focused on teaching school children the importance of water conservation and Environmental Protection, illustrating the part they can play through being careful with what is discarded through the wastewater network. Through this programme we have directly taught almost 10,000 students this period about where clean water comes from and how wastewater is treated.

At the heart of any good business are the people who work in it. We have created a diverse and inclusive place to work, with increased gender diversity, and support for the #10000BlackInterns initiative and the Change the Race Ratio.

Through membership of the '5% Club' we are investing in the next generation, embracing and earn and learn culture. We were awarded Gold membership status this year as we've exceeded the 5% target – with nearly 10% of our employees on these development programmes – with over 350 apprenticeships and graduates. We have doubled our apprenticeship and graduate schemes to 1,000 by 2030 along with offering 5,000 work placement opportunities over the same period.



Resilient financial performance underpinning our delivery

We have the headroom and capacity to be fleet of foot, to respond with agility, when it matters most, whether facing a challenge or an opportunity, and that's what we've been able to do.

Underpinning all our priorities and acceleration, is our financial resilience and healthy strong balance sheet. For 2022/23:

- Our robust financial outcomes underpinned the return on regulated equity which for South West Water is 11.1% and for Bristol Water is 4.6%
- The outperformance for K7 accumulatively is £170 million – giving us headroom to go further and faster
- With gearing at 60.8%, a relatively lower level for the sector, we are delivering year on year reductions, and have been able to absorb the impact of power and interest costs
- We have continued to ensure the pension scheme remains in surplus, with the 2022 valuation agreed with no-ongoing deficit recovery.

It's our outperformance and balance sheet strength that has supported c.£300 million of investment, whether WaterFit, our water resilience programme or accelerated programmes of Green Recovery and K8 advancement initiatives.

In April 2023, Ofwat announced that we had been successful in securing a draft accelerated programme of c. £130 million through to 2030 – with just under half of that in the current regulatory period, with schemes to help customers reduce usage, and bills through smart metering, upgrades along the rivers Camel and Axe and investments in nature-based solutions in Sidmouth and Falmouth.

This builds on our existing investments in the region including our £82 million Green Recovery programme.

Outperformance and balance sheet strength supporting c.£300m investment

Additional initiatives

WaterFit



£45m

Water resilience

SAVE EVERY DROP



£125m

Reinvestment of SWW RORE outperformance

= £170m

Accelerated initiatives

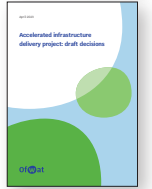
Green Recovery

£82m



Accelerated Infrastructure Delivery

£52m



Pennon funded RCV growth

= £134m



“We rely a lot on tourism and when tourists come down here, they expect a certain level of bathing water.”
 Male, ABC1, Age 46+, SWW



Case study

WaterFit

We are getting WaterFit

Launched in 2022, WaterFit is our strategic and long-term programme to protect rivers and seas. It is the next stage in our environment strategy, reflecting a step change in the way we invest in and manage our assets in the future to deliver against six pledges to protect rivers and seas.

We are making progress against each of these areas and our WaterFit plans to 2025 ('WaterFit 25') are just the start with investment and activities to 2030 targeting another step-change in delivery. Our key areas of progress are:

A little over one year on and we have delivered c. 50 WaterFit initiatives across our region as we focus on:

1 Nurturing healthy rivers and seas

- Delivered around 50 initiatives, tackling high spilling overflows across all our assets – average spills reduced to 28.5 – a 30% reduction in 2022
- Water quality has improved with the latest data showing RNAGs impacted by our assets and processes reducing to 12.6% from 19%
- 100% bathing water quality achieved for the second year in a row and average spills at bathing beaches reduced by c.50% (in the bathing system).

2 Putting nature on everyone's doorstep

- 100% bathing water quality achieved for the second year in a row and average spills at bathing beaches reduced by c.50% (in the bathing system)
- 10 Water quality 'real-time' quality monitors on the Rivers Dart and Tavy are supporting our pilots to identify our first potential inland bathing water sites.

3 Creating and restoring habitats

- Over 111,000 hectares of land improved through catchment management with over 300 hectares of peatland restored
- Ahead of target to plant 250,000 trees by 2025 – with 207,000 delivered in the first three years.

4 Inspiring our local champions

- Over 1/3 of our donations go to local community and wildlife groups
- Our environmental performance has been given significant focus from WaterShare+ Customer Advisory Panel and is a key area of discussion for much of our stakeholder and customer engagement.

5 Creating a sustainable future

- Working in partnerships is critical and our investments and we work closely with local flood authorities and local councils to deliver improvements – in what often can be sensitive areas
- Customer engagement initiatives such as Love your Loo and we are supporting the ban on non-flushables and targeting those who misuse our sewer network.

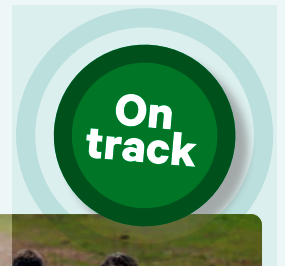
6 Putting people in control

- WaterFit Live was launched in March 2023 giving live quality updates on all our bathing beaches
- Our **#YourBeachYourSayOurInvestment** gives customers an opportunity to influence our plans and helps us understand what customers want.

WaterFit Live

We know transparency is key – and customers views of our openness and transparency has fallen in recent months. With 100% monitoring of storm overflows now in place, a year ahead of plan, we have been able to launch WaterFit Live.

WaterFit Live gives customers and visitors live information about our region's bathing waters and storm overflow operation and detail the investment that we are making to reduce overflow spills across the coastline by 2025. It is easy to use, and through our **#YourBeachYourSayOurInvestment** consultation, customers and communities are empowered to work with us to drive improvements and investments to 2025.



96%
customers think
WaterFit Live is easy
and clear to use

3/4
of customers use the
WaterFit Live site before
visiting a beach

– SWW Customer Forum

Case study

Drought



2022 saw some of the hottest, driest weather on record as a consequence of climate change.

A combination of a lack of rain – the 4th driest summer in 130 years – the hottest summer, low levels of soil moisture and increased demand exacerbated by the impact of the pandemic and heatwaves, uniquely converged to put pressure at just one of our five strategic reservoirs, at Colliford. Importantly, no-one served by Colliford, or across our region, or visiting our region, suffered a loss of supply or dips in water quality.

At the same time, we maintained the environmental compensation releases from our reservoirs throughout 2022, essential to river health, and have continued to do so in dry periods of 2023.

In 2022/23 we have invested to secure the equivalent of 25% demand in Cornwall and 12% in Devon. We can show that, whilst the circumstances in this one area were challenging, culminating in a worse than 1 in 200-year event, our actions were appropriately timed, and we are now more resilient across the region as a consequence.

Despite a lack of new reservoir capacity across the sector in the last 30 years, over the last 15 years we have been focused on building additional capacity. As early as 2007, we invested in disused quarries in Cornwall to repurpose as water resources. Building on this, our proactive acquisition of Hawks Tor in March 2022 was an important mitigation, providing additional storage, and coming online in October 2022.

Together with drought permits and focusing on demand side actions, such as the ‘Save Every Drop’ and fixing customer-side leaks for free, this has meant that from the lowest point of water resources levels at the end of October 2022, storage is now above last years in all our reservoirs.

Our campaigns ‘Stop the Drop’ and ‘Save Every Drop’ have focused on working with the communities to reduce water usage, including business, consumers and the tourism sector.



We are not being complacent as we look forward for the rest of the year to 2024 and beyond. Our merger with Bristol Water, driven by synergies and strategic water resources benefits, and our active progression of the need for the new Cheddar 2 reservoir, brings benefits to all of the wider South West region, including the Wessex region.

In the meantime, we are focused on building further resilience into our Colliford and Roadford Water Resource Zone, and by 2025 we will secure resources to access when we need them most that are equivalent to 45% of Cornwall’s and 30% of Devon’s demand.

Our objectives are to ensure that by 31 March 2024 Colliford and Roadford strategic storages both reach 90% storage to ensure that we do not have the risk of dropping into Drought Level 2 during 2024 and therefore that we can break the ‘drought cycle’.

2022 saw a
severe drought
only expected once in every 200 years

We are investing
£125m
to increase our access
to water to we need it most

3 new sources
acquired over the last 15 years

What matters to customers and communities



Gauri Pawse
Data Engineer

Our New Deal plan launched in 2020 involved giving customers a stake and a say, as we looked to change the nature of our engagement with customers and ensured they could hold us to account.

We have delivered this change.

Our business is all about engaging customers and communities, engaging and listening on a continual basis so that we know what matters, what is expected of us, and to ensure that we build the right capability to deliver.

Through focus groups and workshops; telephone, online and face to face surveys; digital channels and social media; through engaging through everyday activities, whether it's paying a bill or ringing to tell us views, we have been listening to customers and communities – and we have used this insight to shape our plans.

Engaging customers – all day, every day

Engaging with our customers and stakeholders is integral to our approach to the successful delivery of our services. It allows us to build stronger relationships, gain valuable insights, and make informed decisions that benefit our operations and outcomes for customers, stakeholders and the region as a whole. It fosters a more sustainable and responsible approach to our business, meeting the needs of customers and stakeholders while driving performance.

We engage with customers and communities in many different ways – it is important to be visible in our communities every day, whilst ensuring we are easy to get in touch with, whatever issues and questions people have.

We use Business as Usual Tracking Surveys to track customer satisfaction, experience and trust. These are key performance metrics that we track – for all customers and vulnerable customers in particular. Combined with tools such as Rant n' Rave and social media sentiment, which gives us instant feedback on how well we are doing, we know where we need to respond better. These tools allow us to capture feedback across multiple touchpoints and multiple channels, and use this insight to drive performance and shape our activities every month.

We are out and about in our communities every day with our community outreach programme. In doing so, we ensure that our colleagues who come in contact with our customers and communities have the tools and training to engage and deliver the best service possible.

Our WaterCare Team is dedicated to helping vulnerable customers by providing holistic support through our affordability and welfare services. These range from discounting or capping a water bill to supporting our customers in repaying their outstanding balance. We can also supporting our vulnerable customers by delivering water in an emergency, send them large print letters or reading their meter several times a year. Our support can be fully tailored to a customer's needs. Our unique community outreach team can provide support over the phone, online and even through personal home visits where we can review documentation and complete applications on the customers behalf.

Our 2025-2030 business plan retains the **step change** in engagement with customers

Supported

by our WaterShare+ Customer Advisory Panel throughout PR24





We understand how important our partnerships are to help our customers receive the correct support, especially as not every customer is in a position where they feel able to reach out to us. This is why we created the WaterCare Hub, enabling our trusted partners to access our support on our customers' behalf. Our user-friendly application for support allows customers to apply for all available support including the WaterCare and WaterSure Tariffs and debt support through ReStart and FreshStart.

Our education programme is a great way to reach out to current and future customers. It has been designed to allow us to tailor bespoke sessions for each individual school and year group – mostly focused on 'The journey of water' – drinking and wastewater, water efficiency, the water cycle and filtration.

Our community campaigns are an essential part of our operations, as we look to help customers to change some of their behaviours to deliver the outcomes that matter to customers, building understanding and supporting customers that want to make a difference to the region.

Long running campaigns such as Love Your Loo and Think Sink! help customers, businesses, and visitors understand how to look after our environment by keeping unflushables out of the network, preventing flooding and pollution to the environment.

And during hot periods we use social media for our campaigns to promote water efficiency and to promote metering.

Our Neighbourhood Fund is all about supporting our local community – with funding available for neighbourhood community groups which inspire physical activities, education, health and wellbeing and deliver positive environmental outcomes.

And as we work with customers to help them use less water, we have issued over 240,000 water saving devices and started a roll out of water butts, tap inserts, and shower regulators for free to customers around the region. And our Water-Saving Community Fund allows us to sponsor any community groups that have an idea that will help communities to use less water – such as rainwater harvesting project for allotments or wide-ranging education programmes. This sits alongside our Water-Efficiency Innovation Fund that allows businesses to get the support needed for water-saving projects.

WaterShare+

Each and every day we focus on operating a socially responsible business that can deliver for colleagues, customers, and the environment. For that reason, we developed the WaterShare+ scheme, in line with our Board Pledge to empower customers. This is unique to South West Water and puts customers at the heart of what we do.

WaterShare+ has changed our relationship with customers.

WaterShare+ provides a meaningful route to engage directly with our customers, through our quarterly public meetings and at our customer AGM, so we can hear directly what matters most and reflect what we have heard in what we do. Everyone is invited to our WaterShare+ meetings – which are always attended by our CEO and the Executive team. These give customers regular opportunities to get involved, speak directly to our Executive team on any topic they wish, and keep us accountable.

For example, during the cost-of-living crisis, we have heard that this has weighed heavily on some customers, so we have ensured annual bill levels increases well below inflation levels and the 7% annual increases seen across the sector, whilst doubling the number of customers on support tariffs, and taking steps to eradicate water poverty.

The scheme gives customers the option of a financial stake in our business, through our share scheme, as we look to share success. Customers can either opt to take shares in our parent company, Pennon Group, as opposed to money off their bill, and we have included Bristol customers for the first time this year. With 1 in 14 households in the South West choosing to become shareholders, we are well on our path to shifting the dial – and ensuring that more and more customers have a stake and a say in their water company.

For us, the scheme is a fundamental shift of the dial to a socially responsible business. And now, more than ever, it is essential when we need to rebuild trust, and for our customers and communities to feel listened to.

WaterShare+ Customer Advisory Panel

An important part of WaterShare+ is its Advisory Panel. The Panel works with customers across the region to ensure customers' voices are represented within the business.

The independent Panel has improved the transparency of our performance, how we are held to account, and strengthened the two-way engagement with our customers – making sure that customers have a say in the business, and are more in control than ever.

We believe this has been a major step to greater transparency and openness with our customers and stakeholders, a fundamental requirement for all providers of essential public services.

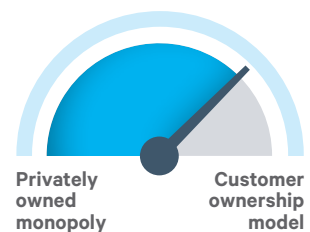
Set up in 2020 with a role of holding us to account on performance on an ongoing basis, the Panel's remit has included oversight of the PR24 business plan. Consistent with our ambition to ensure that we have a rich and comprehensive understanding of what matters most, for this plan we extended the role of our WaterShare+ Customer Advisory Panel to challenge our approach to customer engagement and to ensure that the plan reflects the outcome of that engagement.

WaterShare+

WaterShare+ has
**changed our
relationship**
with customers

Transforming
how we engage customers
– with a say and a stake

Since we started
the WaterShare+
scheme in 2020
90,000
customers
have become part owners
of our parent company



Find out
more here

Report on the
PR24 business plan



Quarterly customer meeting
Bristol, 2023

c.30,000
customers engaged
in our most diverse
programme ever

Stakeholder forum established

Continuing our extensive
engagement – started over
10 years ago

Clear engagement

strategy and robust
sequenced plan

Find out
more here



Engagement
and affordability

The WaterShare+ Customer Advisory Panel was well suited to this role – given its extensive Executive and Board level experience.

PR24 has seen our most diverse engagement programme to date

Engagement is a hugely important part of any business planning processes. We use engagement to ensure that we build a plan around what matters to customers, a plan that is achievable, affordable and deliverable.

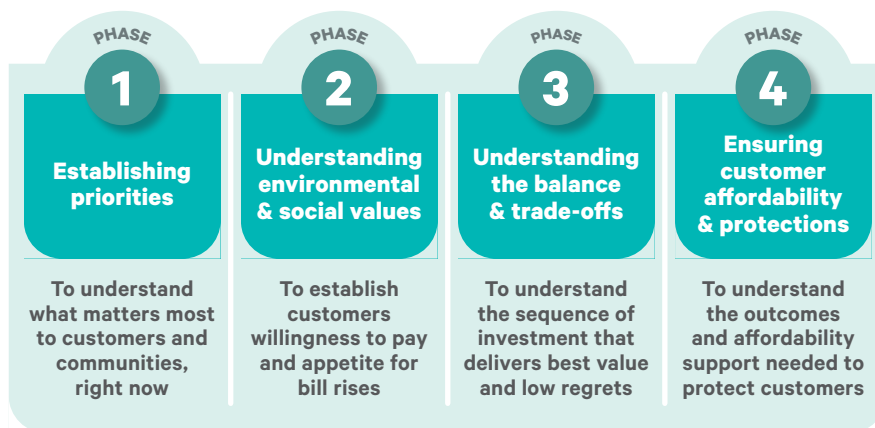
Building on our 10 years of engagement, we have spent considerable time over the last 18 months talking to customers and stakeholders about where we are right now and how we are getting on with delivering our New Deal.

The last 18 months has been our most diverse engagement programme ever – widening the reach and methods of our engagement. We have engaged a similar number of customers as we did in PR19, but with a wide range of stakeholders alongside, including delivery partners, catchment partners, consumers bodies, NGOs and regulators also engaged.

Stages of research

As we have looked to have structured conversations, our research has been divided into four phases to ensure that the research inputs into the business planning process at the right time. The four phases include specific PR24 research and engagement underpinned by business as usual activities and the wider engagement campaign to encourage customers to have their say.

The stages of research conducted



How we have engaged

Through an updated sampling strategy, we have ensured that all customer research we have carried out has a wide reach and is representative of the customers we serve, including harder to reach customers and includes:

- Customers in all regions – Isles of Scilly, Bristol and Bournemouth are included in the research
- Future and younger members of the communities
- Vulnerable customers
- Non households and retailers
- Stakeholders.

Our research has been developed and delivered by experts in market research, customer engagement, and the water sector. That ensures it is usable and actionable.

The priorities for investment

Many customers are satisfied with the service they receive but want to see progression every year. Some customers look forward and worry about what is the future and want to see bigger change. Some worry about the health of their family and if they can continue to swim in their favourite river or beach. Or worry about the environment and how ready we are for the impacts of climate change and population growth. And a key worry is finances, and what will happen to bills and their ability to afford their water bill as we invest more in the future.

We know customers want high quality water – from the water they drink to the water they swim in at a favourite beach.

Customers’ top priorities are unchanged from five years ago: drinking water quality, preventing pollution and flooding, and protecting beaches are just as important today as ever.



1 Clean, safe water supply

Drinking water quality is our customers’ top priority – as it was in PR14 and PR19. The vast majority of customers tell us they are happy with what they currently receive and are not surprised that 99.97% of water quality meets the stringent standards. Reflecting this, the willingness to pay for improvements has slightly lowered over time – reflecting that many customers are happy to maintain performance. We are expected to fix local issues as we find them, such as discoloured water or lead pipes, and be proactive in protecting what is working well for the future.

A new **sampling and segmentation strategy** to cover all of our regions

VERVE

turquoise



BLUE MARBLE

ICS

Customer number one priority is **clean, safe water**

Tracking priorities over time to **understand trends**

The top three priorities are **unchanged from five years ago** – protecting drinking water quality and beaches and preventing pollution

2 Prevent pollution

Pollution is a broad umbrella term for customers, covering wastewater and environmental performance. It's also a growing area of importance for customers and they are concerned to hear we are falling behind on our current pollution targets. Reflecting the importance of this measure, there has been an associated slight increase in the willingness to pay to reduce pollution since PR19.

3 Protect bathing waters

With 36% of England's bathing waters and 80% of those visiting the region coming specifically to enjoy the coastline, unsurprisingly, beaches are seen as an essential priority for us. The value of improvements to bathing waters is largely unchanged since PR19 – it is just as important to continue to improve beaches as it ever was. Stakeholders also recognise the need for high quality bathing water, noting the impacts on the tourism industry and natural environment.

4 Prevent sewer flooding

Sewer flooding has not received much media attention, but for customers this remains an area of focus. Customers tell us that they worry about how climate change and population growth will impact on the risk of flooding, so we need to invest to keep our performance at industry leading levels. Despite historic low levels we have seen a slight increase in willingness to pay to avoid sewer flooding since PR19.

5 Boost nature and wildlife

Nature is growing as a priority for customers – as more and more we learn how much nature provides gifts every day to all of us, providing solutions to many problems. Customers increasingly understand that nature helps reverse climate change and supports net zero, provides life's essentials and can stimulate our senses, improve our wellbeing, and boost prosperity. This is an important area for stakeholders who want nature-based solutions to be a key strand to our environmental approaches, and for our plans to deliver significant biodiversity and environmental ambitions.

6 Reduce leakage

Leakage is seen as a waste of water and money. Leakage is also barrier to water efficiency messages working. It is a big ask to get all people to use less water – even more so when they see visible leaks left for days. Customers are unaware of the leakage reductions that we have made over the last twenty years or that a quarter of leakage is from their pipes and plumbing. With concerns about future water resources, willingness to pay to reduce leakage continues to be high.

7 Resilience to extreme weather

Customers are concerned about the impact of climate change, and whether we are prepared for the future impacts. Customers consider hot, dry weather the biggest risk we face in the future – and it is essential that we ensure there is enough water in the future. Our tracking research shows that the impacts of low level restrictions such as hosepipe bans remains of low concern – there has been low traffic over social media on this issue and the willingness to pay to reduce the frequency of hosepipe restrictions has dropped slightly since PR19 – but with an increase in the appetite for reservoirs to secure the future.

8 Protect rivers

7 in 10 customers believe the water in their local area is good, but that overall water quality across the region must be poor given the widespread media coverage that only 14% of rivers are meeting good ecological status, and rivers and seas are routinely reported to be impacted by sewage and pollution runoff.

Customers are surprised when they learn that our operations are only responsible for 12.6% of the reasons why rivers do not make good ecological status in our region (RNAGs). For them, the external media positioning is clearly at odds with these facts and drives an increase in willingness to pay relative to PR19.

Customers want us to focus on improving water quality – more than water availability. The impact of low flow rivers as we take water for drinking water is not seen to be as much of an environmental risk, whereas the impact of sewage in rivers is seen to be very significant. In reality both of these have similar impacts on river health (as measured by RNAGs).

9 Less reliance on storm overflows

Customers think storm overflows are being used too often – although they see the target of 10 spills as arbitrary. Given this is a priority for our customers, we have included this in our programme of willingness to pay for PR24.

Storm overflows that impact bathing waters are considered to be the highest priority and highest value to address as they have public health impacts. This is an area that stakeholders also support investment, with the clear desire to see storm overflow issues addressed, but where storm overflows are not impacting human or environmental health, these are a lower priority than our other statutory duties.

10 Excellent customer service & responsiveness

Customers tell us that they want to be treated as individuals, with clear communication, and shown trust and empathy. We need to be accessible to customers, modernising contact channels, providing support 24/7, educating on how to play their part, whilst stepping up support and assistance for those that need it, helping them to budget and manage their water use.

The temperature checks that we have done throughout the research shows we can no longer be seen as an invisible utility, but need to be out there communicating and making sure our customers and communities know that we get their concerns and we are on with tackling the biggest challenges we face.

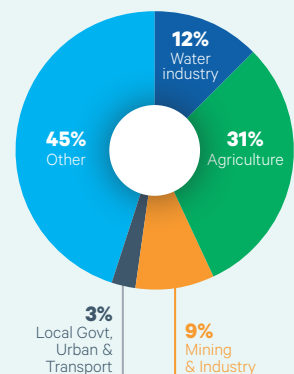


94%
customers are happy with the way water looks and tastes

7 in 10
customers believe the water in their local environment is good

Reasons for not achieving 'Good' status in the South West Water area

Cycle 3 (August 2022)
RNAGs summary



Source: Environment Agency

8 in 10 visitors

say they visit the region to enjoy the beaches and coastline

34%

customers think that hotter, drier summers is the biggest issue we face in the future

“Under the current financial climate, high upfront costs are not ideal. Things might feel very different in the year or two, however.”

Male, ABC1, Age 18-45, SWW

“If it doesn’t impact on the environment or public health, I don’t see it as a priority.”

Male, ABC1, Age 18-45, SWW

The strategic priorities for our plan

Reflecting what matters most to customers, we have identified four strategic priorities for 2025-2030 based on the most urgent investment needs.

These map directly to customer and stakeholder priorities and those areas they want us to take action sooner rather than later.

Strategic priorities	Customer top 10 priorities
 Water quality and resilience	1 Clean, safe water supply
	6 Reduce leakage
	7 Resilience to extreme weather
 Storm overflows and pollutions	2 Prevent pollution
	3 Protect bathing waters
	4 Prevent sewer flooding
	9 Less reliance on storm overflows
 Net zero and environmental gains	5 Boost nature & wildlife
	8 Protect rivers
 Addressing affordability and delivering for customers	10 Excellent customer service & responsiveness

These are the overarching priorities of our plan, and we have discussed them with customers repeatedly over the last 18 months.

Balancing priorities to develop an acceptable plan

The customer priorities and willingness to pay for service improvements remain largely unchanged since PR19. But looking just as this belies the significant change that has occurred – that is, that customers’ overall appetite for a step change in service and outcomes has fundamentally shifted.

As well as the willingness to pay for individual goods and services, we have also engaged customers to understand their overall appetite for a step change in outcomes and investment. This is similar to asking customers to fill a shopping trolley with what they would like to see us deliver in the future.

The value of the individual elements of service that they might put into that shopping trolley is not terribly different than five years’ ago – but overall the size of the basket that customers consider acceptable is notably bigger than it’s ever been before.

When we asked customers in PR19 their appetite for change the average willingness to pay was £10-£15.

Fast forward to today and that’s trebled.

Despite rising concerns around household costs amid the cost-of-living crisis, we have seen a step up in average overall willingness to pay to an average of £50 in PR24, with one third of customers willing to pay £200 or more.

This is levels of willingness to pay for the plan that we have not seen before – and reflects customer views that we need to invest so families can continue to enjoy high quality drinking water, swim in their favourite river or beach, so that they can have confidence that are ready for the impacts of climate change and population growth.

But in doing so, we need to consider the needs of those who struggle to pay their bills, ensuring that bills are fair and affordable. With customers and stakeholders worried about affordability, we need to have measures in place to maintain our pledge to keep customers out of water poverty. This is an important underpin to accelerating investment.

This is reflected in our **Acceptability and Affordability Testing (AAT)**.

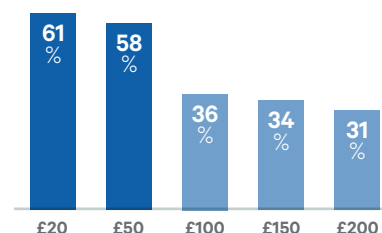
We have used a mix of qualitative and quantitative research, and a mix of acceptability and affordability testing as specified by Ofwat and more aligned to the approaches we used in PR14 and PR19 – in a phased and sequenced manner to get to our plans.

Each phase of acceptability has been used to inform the next phase – and helped us to challenge the basis for investment, the value for money provided by individual investments, and the costs and the timing.

A phased approach

to testing our plans – starting in 2021

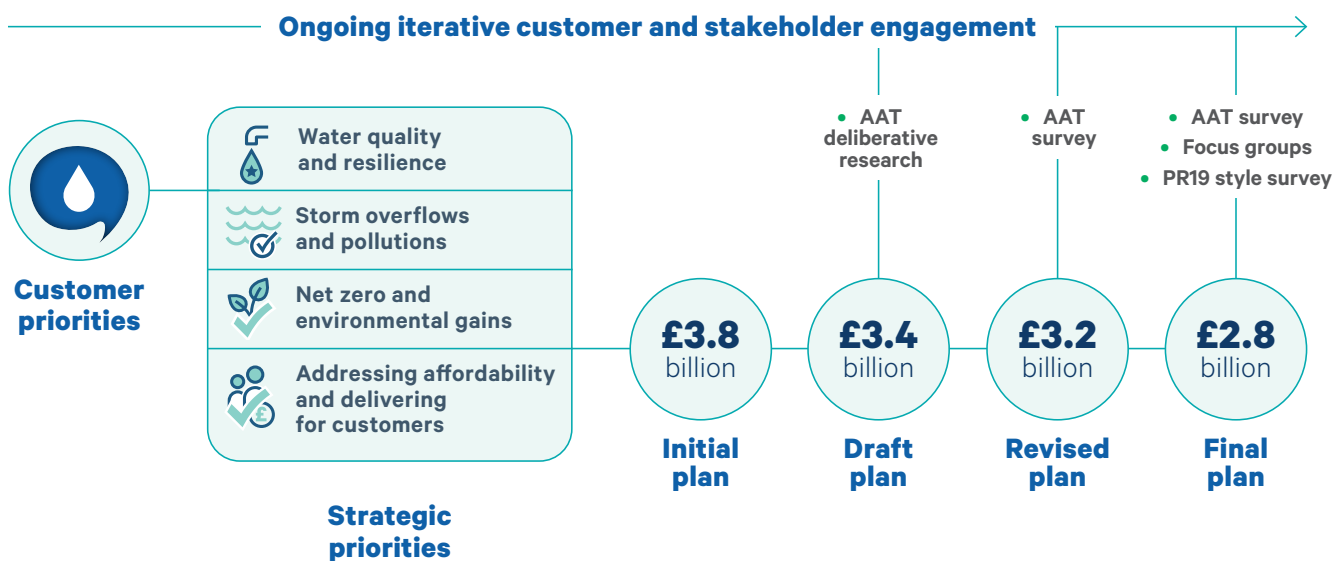
Customers willing to pay bill increase



Willingness to pay has **trebled** since PR19

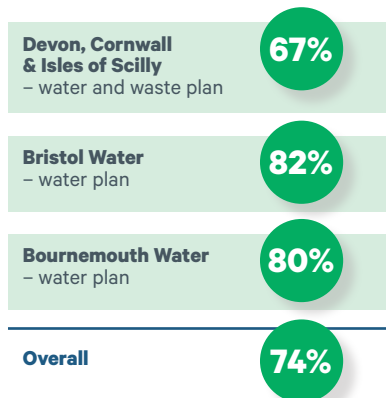
“Cost is going to be an issue for a lot of people, but if you don’t pay for it, it’s never going to improve. It needs to improve for future generations.”

Male, C2DE, Age 18-45, SWW



Capital investment plan →

We have developed the most acceptable plan, and the most affordable plan within the constraints that we face.



Overall, we can see that willingness to pay for our plans compared to five years ago has increased, on a near like for like basis. Whilst there will be bill increases – in contrast to five years ago – there is a greater appetite for change and that has translated into greater support for our plans.

The overall testing shows that our 2025-2030 plans are acceptable to most customers (excluding don't knows).

A quarter of customers tell us that our plans are unacceptable.

However, this is not due to concerns about what the plan will deliver.

The support for the outcomes in the plan is very high – these outcomes will boost the economy, enhance the environment and protect public health, and customers recognise those benefits. There is near universal agreement that the priorities are the right priorities and levels of support for the key initiatives average over 90%.

For some it is because they worry about affordability. We also have customers that tell us that they worry increases will fuel profits or challenge the financial resilience of the company, or the increases are not likely to be paid for by those that benefit the most.

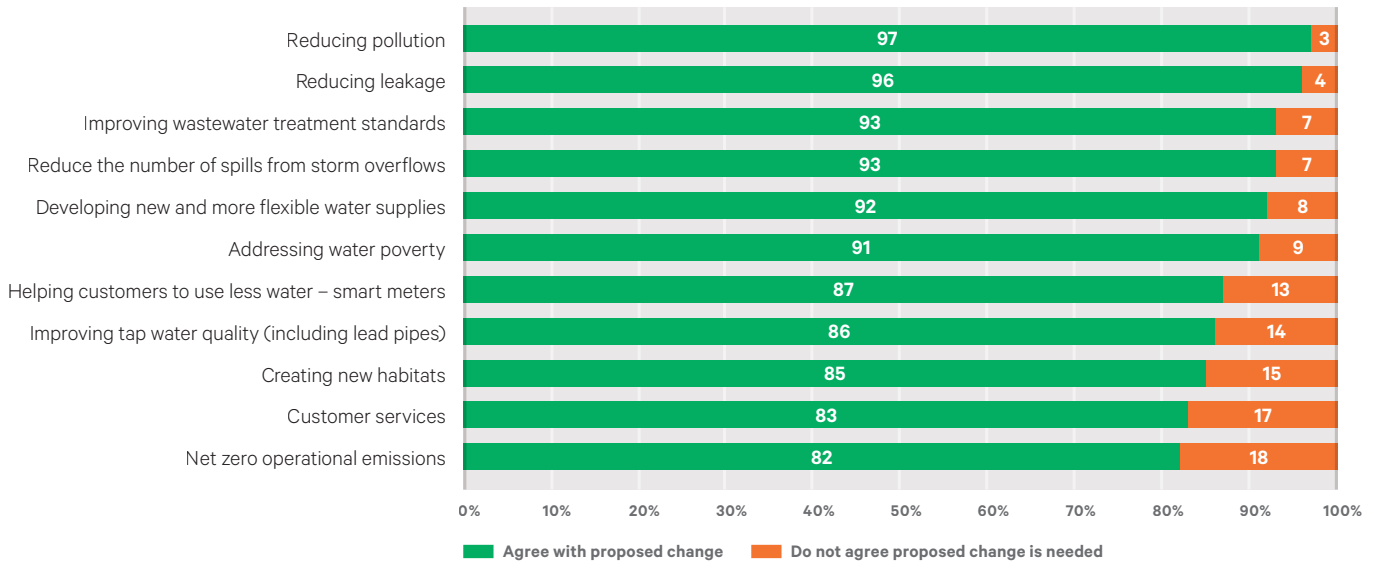
We know we need to do our best so customers do not feel that they are being treated unfairly, and our plans offer something for everybody.

We have done our utmost to lessen the impact through delivering efficiency, and recognising that it's not right for customers to pay for everything that's in our plan. We have taken our fair share of costs in developing the plan.

We will continue supporting customers with any affordability issues, through our affordability toolkit, the rollout of smart metering and water efficiency advice, and through new tariffs that will meaningfully support customer bill reductions.

And we have introduced new policies around dividends and executive remuneration, and ensured that we have a plan that is financeable – as we look to address concerns around financial performance.

Support for the proposed initiatives in the plan



By addressing all of the concerns raised, we know that we have a plan that delivers for customers and communities.

Our plan

- Aligns with customer priorities and delivers what matters most first
- Rebuilds trust over time with customers and stakeholders
- Meets what customers consider to be our biggest challenges
- Keeps bills as low as possible, as we continue to maintain affordable bills
- Continues to empower customers, to have their say and continue to shape our plans into delivery
- Supports the regional economy and communities.

Tackling the biggest challenges head on



Matthew Robertson-Jones
HSSA Adviser

Key features of our plan

Tackling the four biggest challenges head on has become our strategic priority.

The four top priorities of our plan to 2030 reflect the most important and urgent areas for investment.



Water quality and resilience

In the face of shifting weather patterns and a growing population, we are determined to continue to transform how we protect and secure water resources with unrivalled water quality across the region that will last for generations. Our vision is to innovate to provide water storage, water quality and to change how we all think about water usage.



Storm overflows and pollutions

We share the same urgency as our customers in safeguarding our region's beaches, eliminating pollution incidents and reducing the use of storm overflows. Through our WaterFit program, we've made progress, but we have more to do.

By 2030, two decades ahead of governmental mandates, we pledge to have tackled the use of storm overflows at our bathing and shellfish waters. Our approach blends nature-based and engineering solutions, coupled with comprehensive water monitoring and sampling programme, to rebuild trust in our communities. What's more, our ambitious journey will create local job opportunities, bolstering the region's economy.



Net zero and environmental gains

Climate change is undeniable, and we're taking bold steps in the Greater South West to respond to the changes we are all experiencing. By 2030, we're committed to achieving net zero, proving our dedication to minimising our impact on the planet. We'll invest in climate-independent water sources, water reuse, and enhanced transfer networks. We'll repurpose brown field sites, build new reservoirs, and amplify our water resources significantly. While our focus remains steadfast on water efficiency, leak reduction, and premium drinking water, our planet's health takes centre stage.



Addressing affordability and delivering for customers

Our plan isn't just impactful; it needs to be pocket-friendly for all our customers. We're tackling monumental industry challenges, and we're delivering on our promises, all rooted in what our customers deem important. We will continue to champion water-saving initiatives, leak fixes, and money-saving tips. We recognise that some customers face affordability challenges due to the cost of living crisis, and we're here with multiple solutions and extensive assistance. Our overall investment program is doubling, yet we're challenging ourselves to be efficient and effective to limit the impact on customer bills.

Developing plans

that matter

Reflecting what **matters most**

to our customers and communities

Delivering

environmental & social value

for all

Grounded in the

long-term

Supporting delivery and affordability through

efficiency & innovation

"Cornwall's always been an important destination through the years but since Covid I appreciate it even more when I visit. It needs protecting. It's a jewel within Britain and should be celebrated."

Visitor from the North West, 2023

Water quality and resilience – overview

Our plan for water quality and resilience represents our most ambitious investment in decades. It's more than just a commitment; it's a vision for a sustainable, affordable, and responsible water future, building on our long history and expertise in providing water services across Devon and Cornwall and now extending this to other regions in the Greater South West.

We're evolving what we do, how we work, and how we respond to the things that matter most to customers, and given the availability of clean, drinking water, remains customers' number one priority. 92% of customers agree with our proposed investment in new and flexible water supplies.

Water resilience

In the space of five years, since we last submitted our business plan, climate change, population growth, a global pandemic and the shock waves that followed has changed the relationship we all have with water. It's also proven the importance of having a strong balance sheet and financial resilience and being adaptive, fleet of foot and dynamic, in the way we have responded. And in noting we now have more customers and new customers as a result of our acquisition of Bristol Water, the Isles of Scilly, and building on our acquisition of Bournemouth Water in 2015, and where under previous ownership, water resilience was de-prioritised.

We are also ensuring we remain focused on the long term to 2050, where it's estimated that another 530,000 people will be living and or working in the region. This is on top of the population growth the South West experienced over the past 10 years, where the region experienced the second highest level of net migration, incoming from other parts of the UK, driven by an increase in retirees, and following the pandemic, those able to work from home, for all or some of the time, and driving up demand. Coupled with an estimated higher % of second home ownership, where in coastal areas the number of second homes can be as high as 40% in tourist hotspots, and where 1 in 10 households are believed to have a hot tub, our relationship with water and the importance of its availability has been changing.

Whilst this is a plan about water, it is also a plan about balance. Given the unique topography of our region, being a largely granite peninsula where over 90% of our water resources are surface water rivers and where there are few sustainable boreholes, we need to strike the right balance between supporting the natural environment and taking water for drinking water purposes and as we look to build a more diversified portfolio of raw water resources for future resilience. Given this we are already investing in new water resources and strategic network transfers to break the drought cycle – and ensure the environment is protected from abstractions, developing first of a kind desalination and water reuse schemes to support the water cycle.

We also need to balance how much water we can collectively save, conserve and transfer, given we can expect more variable weather patterns in the coming years. Having just experienced the hottest summer on record, a 1 in 200 event and at the time of submitting this plan, Cornwall and Devon being one of only 2 regions that are still officially in drought, we were agile and worked quickly to re-route and manage the resources situation across our regions. We extended water efficiency programmes, and so far, have given away over 240,000 free water efficiency devices alongside trialling a first in the sector Stop the Drop community backed water reduction scheme. It's initiatives such as these that will become more common place in the future, and as we encourage local customer storage by ensuring every household has a water butt that needs one as well as supporting businesses to invest to store more water.

Our plan will ensure:

→ **By 2025, we will have developed new resources and sustainable abstractions that are equivalent to supporting 30% of the average demand in Devon and 45% of the average demand in Cornwall. In the plan to 2030 we will commence investment to grow this to 59% and 51% by 2035.**

→ **We are investing in water reuse at Poole Harbour which will support a further increase in availability of 13% of Bournemouth Water’s requirements.**

→ **We are providing additional resilience by enhancing our inter-regional water grid to enable us, during a drought and other resilience challenges, to move 60% more water between our South West Water supply zones.**

→ **We want to support a thriving and growing economy - driving water efficiency is not just good for the environment, it is also means homes and businesses can save money. Saving just 10 litres per person per day for customers saves £42 off their annual bill.**

→ **Our comprehensive smart metering programme will enable us to pinpoint water wastage. We are targeting increasing metering levels across our regions to over 90% in Devon, Cornwall and Bournemouth and over 80% in Bristol. It is also a first step to customer transparency of usage and understanding of usage drivers as well as supporting customers to actively manage their water budgets. By 2050 94% of households and 98% of non-households will be metered.**

→ **We need to do all we can to save water. We have reduced leakage levels from our networks and we are challenging ourselves to reduce leakage further by 18% in Devon, Cornwall and Bournemouth and 14% in Bristol. By 2025, the rate of leakage on our network will be c. 11% of what we produce for drinking water. By 2030 we will reduce this to 9%, with 4% of leaks occurring on customers’ networks.**

Water quality

We have always taken a ‘Quality First’ approach to ensuring the availability of clean drinking water to customers. As a result, 94% of customers tell us they are happy with the way water looks and tastes today. However, we can never be complacent, as the quality of the water we serve is directly impacted by the quality of the raw water. Compounds in raw water can impact the taste, smell and colour of drinking water. Whilst these are not harmful, they can affect customer’s trust and satisfaction. We tackle this in two ways; firstly, by working in our catchments to develop natural solutions to improve water quality – for example by re planting mosses that naturally filter water, and secondly by rebuilding and improving our networks and water treatment works.

For Devon and Cornwall, over the past 15 years, we have therefore been working in our catchments to improve water quality and flow, nothing that the area is affected by the three peatland moors that have been degraded over the last 200+years. A programme of agriculture, peatland and forestry catchment management and restoration, to prevent run off from roads, fields and farmland harming rivers is ongoing.

Alongside the catchment work, we have been investing in treatment works to ensure we remove harmful compounds and deliver top quality drinking water. By 2025, we will have invested in our three largest water treatment works for the region. As a consequence, the quality of water for Devon and Cornwall is top quartile for water and sewerage companies (as measured by CRI) – and with a continued strategy of improving water quality for new regions to the Group, the focus for the period to 2030 will be tackling contaminants at source through our well-established catchment schemes as well as investing in our networks and treatment works

- Building on our pioneering catchment schemes that naturally filter water – working in 80% of our catchments
- The ongoing modernisation of our infrastructure and the upgrading 50% of works in Devon and Cornwall
- Accelerating the replacement of lead pipes across the network and customers pipes to support an ambition for the region to be lead free by 2050
- Serving the whole of Bournemouth with new state of the art ceramic water treatment works
- Embarking on the largest investment in Bristol since privatisation, coupled with development of the Cheddar 2 reservoir, we will be continuing our roll out of new ceramic membrane technology investing in two new works in Bristol to achieve a step change in quality
- Alongside a step change in investment, we will be investigating through our academic international partnership of CREWW how we understand and start to mitigate the impacts of ‘forever chemicals’ found in the natural environment.

By 2030, we will have proved that we are the destination for water quality and resilience. Our plans will support c. 550 jobs in the economy as we invest a combined total of £639m, £359m for resilience and £280m on quality enhanced investment. The costs have been kept to a minimum and we have targeted efficiency – the cost on bills will be £4 to 2030 for Devon, Cornwall, Bournemouth, Bristol and the Isles of Scilly.



1 2 3 4

Water quality and resilience

Most ambitious water resources and water quality plan across the Greater South West in 30 years

Highlights

Strike the right balance between water for drinking and the environment

12 million litres per day of reduced abstractions from environmentally sensitive rivers

Developing 4 new water supply schemes equivalent to 70 million litres per day 3 times enough water for a city the size of Exeter

Commencing construction of the new Cheddar 2 reservoir

Installing 78km of new strategic regional interconnector schemes to increase the resilience of our network

12,500 additional hectares of land included in our catchment management programme, to naturally filter water in 80% of our drinking water catchments

Investment in R&D to improve our knowledge and understanding of emerging contaminants of micro plastics and forever chemicals

Accelerating our ambition to be lead free by 2050 through the replacement of 40,000 lead communication and supply pipes

Upgrading one third of the water treatment works across Devon and Cornwall.

= £359m
resilience
+ £280m
quality enhanced
investment

The **ongoing modernisation** of our infrastructure and upgrading **one third of the water treatment works** as we look to extend Quality First across of our regions, learning from the leading performance in our Devon and Cornwall areas

Accelerating the replacement of **lead pipes** across our network, expanded to include customer pipes in an ambition for the region to be **lead free by 2050**

Invest in **new large reservoirs in the region**, starting with Cheddar 2 in Bristol and a water re-use plant in Poole to break the cycle of drought

Target **industry leading leakage levels** across our region to less than 10% of the water we produce, and less than **5% on customers own properties**

Encouraging local customer storage – 1,000 pond initiative and every household has a water butt

Proposal

We aim to break the drought cycle by continuing our focus on both reducing demand and increasing available water supply. We will reduce leakage and install 500,000 smart meters across our region. We will invest in additional water storage (including a new strategic reservoir in the Mendips), water re-use and regional interconnector mains to ensure we have flexibility in our system. We will encourage local storage of rainwater through ensuring that every household has a water butt.

We will improve water quality across our regions, but particularly for our Bristol and Bournemouth customers, who will see major programmes of investment. We will also tackle contaminants at source through our well established catchment schemes.

Customers

A clean safe supply of water is our customers' number one priority. With 3.5 million residents and 10 million visitors each using 140 litres of water a day on average, it is our number one priority to make sure every single drop is brilliantly clean and safe, whether it is used for drinking, preparing food, showering, bathing, washing, or watering the garden.

We will invest to ensure localised water quality issues are addressed – ensuring everyone likes the taste and appearance of water, and replacing pipes where customers live in older houses that still have lead pipes that connect them to our network. We will also introduce more sources of water so that customer continue to get a continuous and secure supply of water.

Our commitment:

→ **Continue to deliver top quality water to all our regions, safely and securely, whilst protecting the environment**

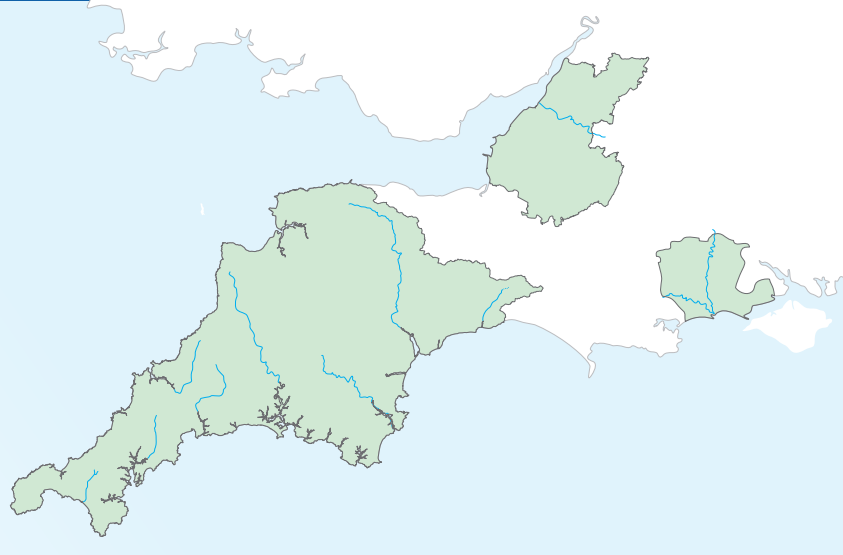
Devon & Cornwall

Completing major upgrades to ten water treatment works supplying East Devon, Exeter and Tiverton, as well as improvements to seven further works supplying mid Devon and East Cornwall

Replacing 88km of cast iron mains that can affect how your water looks, as well as replacing 29,000 lead pipes serving properties

Reducing water demand by reducing leakage by 15% and installing 340,000 smart meters

Investing in 8 new sources of water supply



Isles of Scilly

New desalination plants for Tresco, Bryher and St Agnes Islands in addition to those which we aim to complete in St Martins and St Marys by early 2025

Bristol region

Completing major upgrades to two major water treatment works supplying the wider Bristol area

Replacing 34km of cast iron mains, as well as replacing 9,000 lead pipes serving properties

Reducing water demand by reducing leakage in a region which already has comparatively low rates of leakage and installing 180,000 smart meters

Bournemouth region

Continuing our programme of major upgrades to treatment works

Reducing water demand by installing 10,000 smart meters

Investing in a water re-use plant in Poole

Environment

We're passionate about providing world class tap water to our customers. This starts with protecting rivers and reservoirs, which provide over 90% of our drinking water.

We will continue our programme of agricultural, peatland and forestry catchment management and restoration, to prevent run off from roads, fields and farmland harming rivers. We will diversify our portfolio of water sources and boost storage – with a focus on low carbon and nature positive solutions, that deliver more environmentally sustainable rivers and protect water based habitats in our region.

Community and economy

Our planned investments will create up to an estimated 550 full time equivalent regional jobs through to 2030. Our plans also include ramping up our community outreach, so that communities understand the importance of water efficiency and the water cycle. We will also support innovation across the water sector through sharing our experience of our innovative treatment processes and the emerging science around the benefits of catchment management.

Customer support

92%

agree with proposed investment in new and flexible water supplies

550 new jobs created

94%

customers are happy with the way water looks and tastes

Storm overflows and pollutions – overview

As a responsible business and with 100% monitoring on our storm overflows, a year ahead of plan, we get why the public are upset about sewage in the seas and rivers – they are right to be. They are right to demand this gets sorted out.

Like others in the sector, we acknowledge that we have lost the trust of customers in Devon and Cornwall as a result of the use of storm overflows, sewage and pollutions. It's our job to fix that and we will, recognising that this is a multi-generational challenge.

When we talk to customers, over two thirds tell us that they are content with the water quality at their local beach, and with 100% water quality for two consecutive years, we are making progress, and our WaterFit programme is delivering now. However, we recognise there is more to do and that's why our business plan for 2025-30 is investing £760m a seven fold increase in investment, across the region in this area. Importantly, it will also create 850 jobs directly and across the supply chain.

Given the topography of the Greater South West, our challenge is a unique one, and in noting the size and scale of our coastline, all 860 miles of it. The majority of our customers live and work on the coastal fringes of our region, as do our businesses, and the health of our economy is heavily dependent on tourism and the 151 bathing beaches.

Our assets, 655 wastewater treatment works, c.1,200 pumping stations and 23,000km of network, enough to go to Australia and back, are largely interspersed in and around the coastline, in part testament to the legacy of the Clean Sweep programme, where we invested heavily in ensuring that world class wastewater services were put in place for the first time. Prior to this, water quality in the region barely got above 30%, and it was right to call our bathing waters the dirty man of Europe.

Since Clean Sweep ended in 2007, we have seen flows in the network increase by 25% as businesses, developers, highways and local authorities have the automatic right to connect to our networks, and increasing the amount of road and surface run off that enters our system. The storm overflows design is used worldwide, but we have installed monitors on all our overflows so we can see when and for how long they are operating.

Together with population growth, the pandemic, and an increasing number of people working from home, the network, designed with overflows to prevent the backing up of sewage into homes and businesses, has become overloaded. Whilst 97% of the flows are treated (up from 40% in the 1990s), it means that around 3% is not. Of the volumes released, given rainfall at the time and the dilute nature of the flows, it is rare to have an impact on water quality, however there is an increased risk and that's unacceptable.

South West Water was one of the first water companies to install 100% monitoring on our 1,342 storm overflows, meaning that we have had a head start. It means we know that nearly two thirds are working as we would expect, operating less than 20 times a year. Our focus is therefore rightly on the third that are operating more than expected, and those that operate in and around our bathing beaches. During the AMP8 period we are targeting 283 for interventions in 84 (out of 655) of our catchments. We will be targeting improvements at these overflows with a mixture of Grey (increasing storage), Blue (removing surface water and allowing this alternative pathways) and Green solutions (such as managing surface water at source with SuDs).

That said, with our focus on protecting bathing waters across our region, it is no surprise that the average number of spills per bathing water storm overflow is relatively lower than our inland assets. Overflows that feed into bathing waters triggered on average 8.5 times in the 2021 bathing season which reduced in a dry year to an average of four times in the 2022 bathing season, however with the top priority for customers and businesses we must ensure we mitigate and reduce to a minimum the number of these releases, alongside tackling inland top spillers.

We are clear, and our customers are clear that we need to tackle the use of storm overflows with 93% of our customers agreeing with our proposed investment in this area. There is also zero tolerance from us and our customers for events that lead to pollution of the environment, with one pollution, one too many.

There are occasions when things go wrong across our asset base. Given our coastal region and proximity to water courses, when things do go wrong, it impacts water courses. These are pollution events and they can occur on our network, from pumping stations, from treatment works and storm overflows. What causes things to go wrong? Half of pollution incidents are caused by blockages – and the leading cause of blockages is wet wipes.

Put simply, the equivalent of 30 double decker buses of wet wipes clogg up our sewer network every year. Pollution incidents are also caused by third parties and so how we work with our communities to eliminate these is critical. Together with our improvements, we are making progress and so far, we have halved the number of incidents since 2020, targeting an 80% reduction by 2025.

There are two things that we need to tackle head on:

- Reducing the use of storm overflows to eliminate risks to water quality
- Eliminating when things go wrong with our asset base that can cause pollution and impact on water quality.

Storm overflows

Like our Clean Sweep investment programme that took 20 years to deliver, tackling and minimising the use of storm overflows is going to take 15 years to complete, and in noting this is a multi-generational challenge. We are targeting completing requirements by 2040, 10 years ahead of governments required target of 2050, and with a focus on our 151 bathing and shellfish waters.

We plan to:

- Commit to a never seen before sampling and monitoring regime to rebuild confidence in our communities and ensure everyone can be confident of the water quality in across our region.
- We will have pop up venues in the 84 catchments that are being tackled to explain to communities the progress we are making
- We will take a Green First approach to investment, working with nature to improve drainage and reduce storm overflows.
- Establish the WaterFit Environmental Advisory Panel to ensure we have an independent review and challenge of our performance and progress.

Timeline for delivery

With a timeframe spanning 15 years, that means we need to prioritise what we are doing, and we have therefore spent time listening to customers and stakeholders to help inform our plans.

By 2025 – we will be tackling 49 of the 151 designated bathing waters in our region

By 2030 – we will have completed all our 151 bathing, and shellfish waters and we will have tackled high spilling sites across the region

By 2040 – we will have completed all the interventions across over 700 storm overflows to keep overflows to a minimum.

Pollutions

By 2025 we will have the lowest absolute level of pollution incidents across the sector, but we won't stop there. Our biggest risk is as much about what goes into our network, as it is the performance of our asset base. Given this, we will invest to do more, going further and faster:

We will:

- Install 20,000 monitors that will tell us when and where we need to intervene to prevent an incident
- Lead a campaign to ban the wet wipe
- Work more closely with communities to prevent sewer misuse.

Summary

By 2030, we will have proved what we say about fixing storm overflows and the impact on our environment for our customers in Devon and Cornwall and Isles of Scilly and for those that visit us. That's why we believe this is the right deal for right now, and in delivering a vision for a sustainable, affordable and responsible water future. The cost on the monthly bill will be £8 and having tested this with customers, with acceptability for our overall plan at 74%, this is the right deal for right now.



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Storm overflows and pollutions

Prioritising bathing and shellfish waters – 100% addressed by 2030

Highlights

Delivering the next phase of the WaterFit programme for healthy seas and rivers – WaterFit 30

Two thirds of all storm overflows achieving new tighter standards

Upgrading over 200km of our sewer network

Targeting treatment volumes of 98.5% (currently 97%)

Introduce a never seen before sampling and monitoring regime to rebuild confidence in the water at customers favourite beaches

Reduced the rainwater draining into our sewerage network by a volume equivalent to over 350 hectares worth of land

Added 150,000m³ of storage to capture rainfall and reduce overflows – the size of 60 Olympic sized swimming pools

Working with communities, recognising every catchment and storm overflow is different, and we need to take a highly tailored approach.

= £761m
enhanced investment

Tackling 100% storm overflows at beaches by 2030 – ahead of government targets – **maintaining bathing water quality all year round**

Completing our storm overflow programme in **15 years by 2040** – a full 10 years ahead of government targets

Pollution levels reduced to industry leading low levels – with **zero serious pollutions**

Green First approach to investment – working with nature to improve drainage and reduce storm overflows

Proposal

We are focussed on two outcomes, reducing the use of storm overflows to eliminate risks to water quality and eliminating when things go wrong with our assets.

We will invest £761 million across Devon and Cornwall to address the use of storm overflows at 100% of bathing and shellfish waters by 2030. We will work with customers and stakeholders, and use a blend of nature based and engineering investment solutions, to tackle storm overflows at the locations most important to customers.

By 2025 we will have the lowest absolute level of pollution incidents across the sector – which we will maintain to 2030, alongside ensuring no serious pollutions occur.

Working with customers	Community and stakeholder collaborations	Doing something to our existing assets	Building something new
Encouraging customer behaviours which stop or slow down storm run off	Looking across catchments to find most efficient solutions. Collaboration with other organisations to reduce risks	Changes to how we operate to improve performance and capacity	Increasing our network or treatment capacity to cope with more run off

Customers

Customers worry about how storm overflows impact public health, recreation, the environment and the economy.

100% of bathing waters already meet bathing water quality standards. Our proposals will increase this to all year around. With water based recreation front and centre for people who live and visit the region, we are delivering improvements at 49 of the 151 designated bathing waters in our region by 2025, with all 151 beaches improved by 2030.

Our commitment:

→ Transform our sewer network by 2040, starting with all sites which affect our most loved places

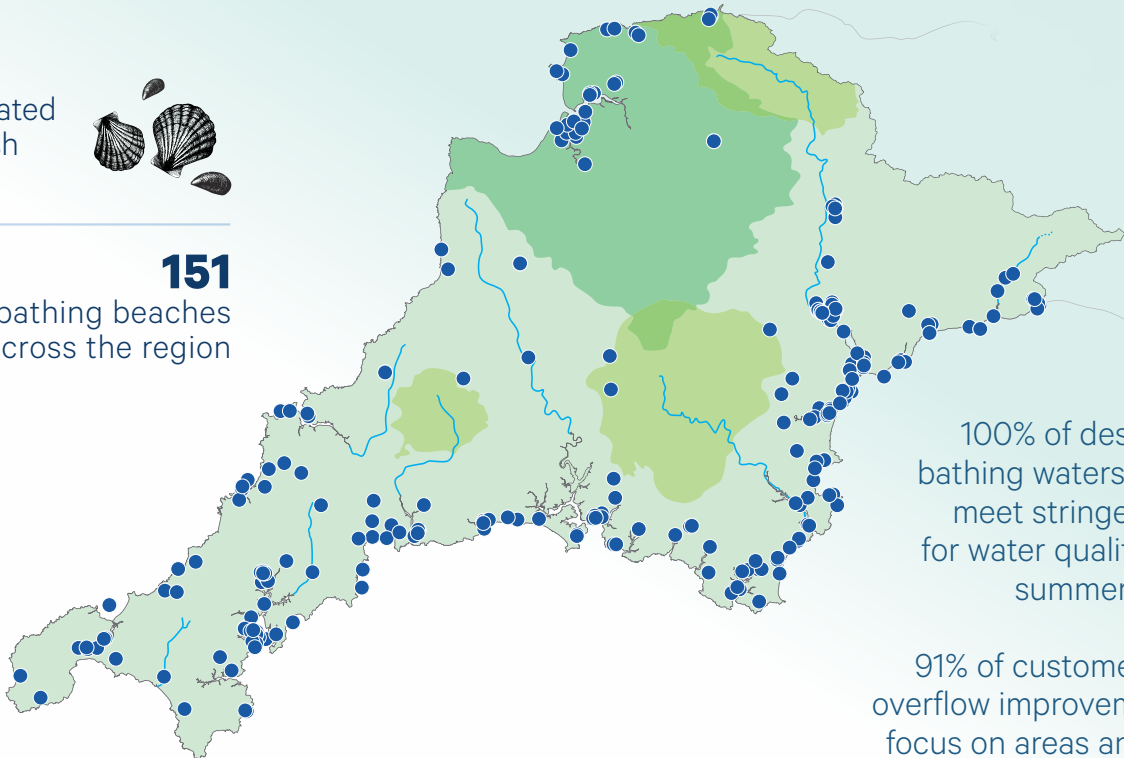
30

designated Shellfish Waters



151

bathing beaches across the region



100% of designated bathing waters already meet stringent tests for water quality in the summer season

91% of customers want overflow improvements to focus on areas and times where most visit

Environment

Our proposals protect aquatic wildlife and water quality. As well as all the beaches, our proposals also target environmentally sensitive rivers – and by 2030, two thirds of all storm overflows will achieve tighter standards.

For every solution we will employ a Green First approach – working with natural processes and nature-based solutions, which provide wider public benefits with a lower carbon footprint, limiting the need for concrete storage tanks and hard engineering solutions. 50% of our solutions will be catchment based – taking flows out of the system, creating wetlands, upgrading the sewer network and sewer separation.

Natural processes to manage wastewater and rainwater enhances the environment and brings wider public benefits important for our customers and communities to visit and enjoy.

Community and economy

Our planned investments will create up to an estimated 1,100 full time equivalent regional jobs through to 2030. And given the biggest pollution risk we face is about what goes into our network, we'll be working more closely with communities to lead behavioural change campaigns, and promoting incentives to increase permeable areas in urban areas and new developments to slow the flow of water into drains.

“Storm overflows that are specifically effective, in places like beaches need priority rather than something across all of the overflows.”

SWW customer

Customer support

93%

agree with proposed investment in storm overflows

1,100 new jobs created

Net zero and environmental gains – overview

The climate crisis in the South West

We all recognise that we are facing a climate crisis. Climate change is radically changing our environment across the Greater South West. Drought, rising temperatures, flooding, rising sea levels, storm surges and coastal erosion are now too frequently becoming part of everyday lives.

Last year, the South West experienced its hottest, driest summer since records began, a 1 in 200-year event and over 12 months later we are still one of two regions in the UK to remain officially in drought. With summers up to 6°C hotter and 60% drier, and a 20% increase in rainfall intensity in the last 30 years, climate change is destroying infrastructure and nature. Rising sea levels and coastal erosion now presents one of the biggest unique risks to our region. Not only are our largest cities Exeter and Plymouth, vulnerable, but so too would the homes and livelihoods of millions of people right across the South West.

The climate crisis also presents an economic risk to the region. The region supports an economy that is equivalent the size of Greater Manchester, with business hubs in the cities of Bristol, Exeter and Plymouth, and almost 128,000 businesses. With 151 bathing beaches and 860 miles of coastline, 4 national parks, and 10 Areas of Outstanding Natural Beauty, tourism is a highly prized industry. Agriculture also accounts for about 80% of land use in the region with over 13,000 farms and farming has a far wider influence on life in the region too. The wider food and farming sector are critical to supporting an important visitor economy, and associated food, farming and aquaculture industries.

It's also a region with ambition, and in wanting the region to be clean, smart and connected, there are plans to become the first net zero carbon region in England, to become a net exporter of clean energy, creating 175,000 jobs by 2030, and where cities such as Bristol are leading the way in its commitment to the UN Sustainable Development goals. And with one in six species recognised as at risk of extinction, it is critically important that we continue to support the wildlife and habitats of our region too.

As a responsible business, with a social purpose to support people and places they love for generations to come, we have a responsibility to act. And our customers want that too. With 9 out of 10 customers considering it important that we are an environmental leader in the region.

Our plan

As we look to double investment overall across the region, we will invest £431m over the next five years, and with three key areas of focus: building on plans to achieve net zero by 2030, enhancing the environment and climate adaptation.

Net zero by 2030

Lowering the carbon emissions from our operational activities and throughout our supply chain is the responsible thing to do and aligns with efforts being taken by businesses, institutions and customers across the region to tackle the climate crisis and increase our resilience to climate change. We are innovating at an unprecedented speed to meet our Net Zero targets, trialling new materials and processes, and developing new tools and techniques to help us embrace the net zero challenge.

We will:

- **Continue to decarbonise our operations by reducing our emissions of Nitrous Oxide and repurposing Methane**
- **Innovate and trial new techniques to recover energy from bioresources and to use that energy to fuel our own operations**
- **Support our supply chain to adopt low carbon materials and processes.**

Enhancing the environment

The climate crisis is inextricably linked with the biodiversity crisis, a crisis for our habitats and wildlife which rely on water for survival just as we do. As a responsible, environmental leader we have worked with the environmental regulators to build a programme of environmental compliance for our operational activities and, in addition, we are investing over and above to align our resources and prioritise actions which add value to nature recovery and measurable biodiversity enhancement across the region.

We will:

- **Expand our nature recovery programme by extending Upstream Thinking into new drinking water catchments, plant 300,000 trees, re-naturalise our waterways for wildlife, control invasive non-native species, launch a new nature recovery fund and our 1,000 ponds initiative**
- **Upgrade treatment works across the region to remove harmful contaminants and nutrients from treated discharges to improve river health**
- **Enhance access and educational opportunities for our 40 lakes and reservoirs and open up access to special sites.**

Climate adaptation

We are innovating and adapting our culture and ways of working to meet the new challenges which climate change presents. The expected change to weather patterns with periods of more intense rain and hotter drier summers means that we are thinking differently about how we secure supplies of drinking water for customers and communities – which we abstract from rivers – whilst at the same time making sure wildlife and habitats have the water they need. We are also thinking through the impact of sea level rise on our operational infrastructure, some of which is based on the coast, at sea level.

We will:

- **Explore with farmers and landowners how we can work with natural processes and nature-based solutions to store more water in landscape, learning lessons from our Ofwat Innovation Water Net Gain project.**
- **Explore climate independent sources of water for our region, such as desalination and former industrial quarries**
- **Continue to support customers and communities to reduce the amount of water they use.**

“Green spaces are crucial for people.”

SWW customer



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Net zero and environmental gains

Providing reliable services and looking after the environment go hand in hand

Highlights

Upgrade treatment works across Devon and Cornwall to remove even more harmful contaminants and nutrients from treated discharges

Introduce wastewater treatment to the Isles of Scilly for the first time, for over 2,000 residents

Invest in bioresources to prevent pollution and to generate 58Gwh, enough energy to power up to 10,000 homes

Deliver the next stage of our net zero commitment – lowering the carbon impact of our operations and increasing renewable energy

Plant 300,000 trees, launch our 1000 ponds initiative, and expand Upstream Thinking to 146,500 hectares – to create and restore habitats

Re-naturalise our waterways to enable fish, eels and beavers to move without obstruction

Establish a new independent Environmental Advisory Panel to ensure we are focused on putting the environment first

Enhance access and educational opportunities for our 40 lakes and reservoirs and open up access to special sites.

= £431m
enhanced
investment

Continue to **decarbonise our operations** and increase our use of renewable energy

Improve river water quality by investing at 13 wastewater treatment works to remove more nutrients before recycling water back to the environment, and unlocking the **development of 6,500 homes**

Deliver a programme of **nature recovery** across our region

Transform our sludge treatment processes to protect rivers from the risk of pollution, whilst increasing the value to the **circular economy by recycling more waste** than ever

Enhance access and educational opportunities at our 40 lakes and reservoirs and provide **access to special sites**

Proposal

Our operations are closely intertwined with the health of the water environment within our region. In the face of climate change and ecological decline, it is more important than ever to find the right balance between society and nature. We will take bold steps to achieve net zero, and our programme of enhanced wastewater treatment will improve the ecological health of rivers. We will create and improve habitats through our nature recovering programme and expand our upstream thinking programme to manage water quality at source whilst protecting fragile upland habitats.

Sludge is the by-product of wastewater treatment – and is produced in large quantities. It is used to generate renewable energy and a nutrient-rich fertiliser. But the toxic compounds in sludge can cause pollution. We will pilot a promising new technology – pyrolysis – as an alternative to current methods which will allow us to continue to use sludge as both a fuel source and fertiliser without harming the environment.

Customers

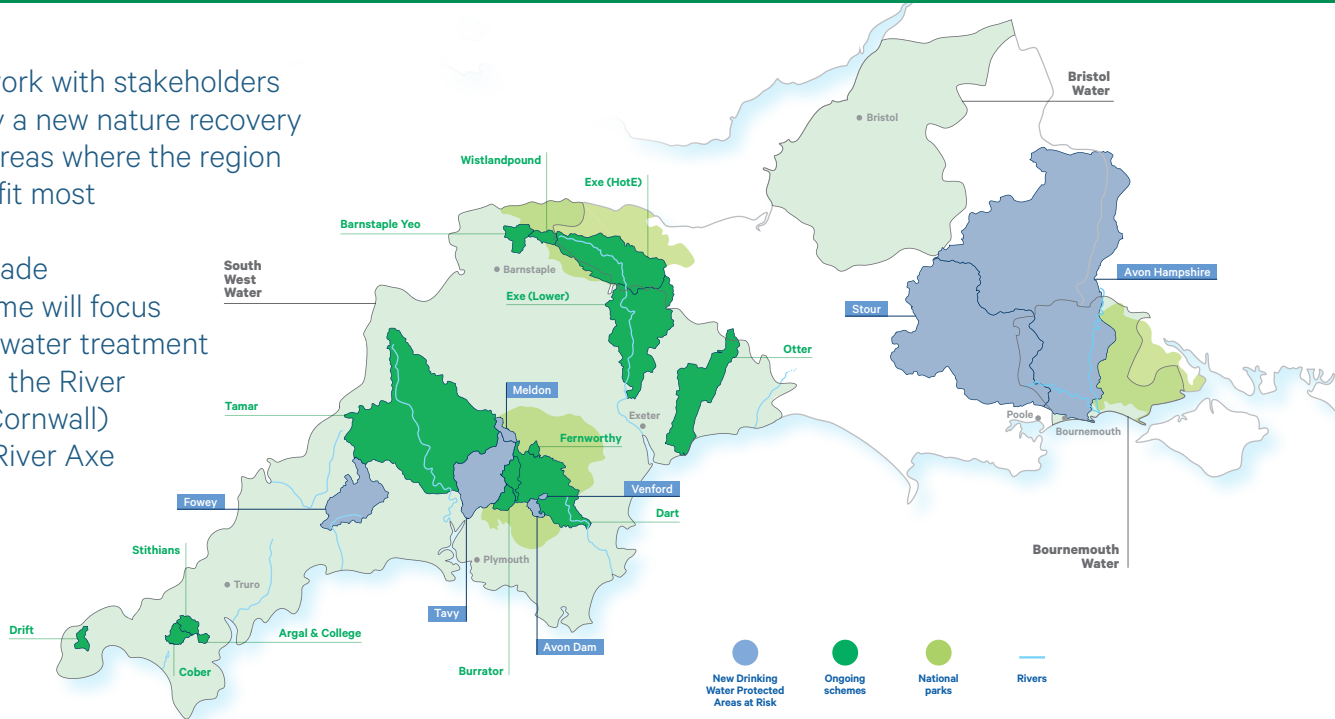
Access to a wide variety of green spaces in the great outdoors, including woodlands, grasslands and peatlands, as well as blue spaces, such as rivers, seas, and lakes, improves the health and wellbeing of customers and communities. During the pandemic green and blue spaces were essential for mental and physical health – and changed all of our relationships with nature. Our plans will continue to invest in climate resilient places, net zero and nature recovery so that customers have access to high quality recreational spaces and benefit from a cleaner, healthier environment.

Our commitment:

→ **To do our bit to protect and enhance nature and the environment, working with our partners to improve land, rivers and seas**

We will work with stakeholders to deploy a new nature recovery fund to areas where the region will benefit most

Our upgrade programme will focus on wastewater treatment works on the River Camel (Cornwall) and the River Axe (Devon)



Environment

Our work will improve river and coastal water quality through managing land use in our catchments and by removing excess nutrients from treated wastewater. Alongside, we will continue our programme of peatland restoration and natural flood management and recovery – improving biodiversity and enhancing natural habitats.

Waste is often an asset – and sewage is no different. It contains valuable nutrients, energy and precious metals – and we continue to look for ways to recover all of these benefits. We will invest to generate renewable energy and improve fertiliser to land, improving soil quality and reducing our carbon emissions. And as we move to reach net zero operational emissions by 2030, we will be doing our bit as part of an ambitious programme across the South West to reduce emissions and reduce our impact on the atmosphere.

Community and economy

Working in partnership with environmental charities, government agencies and national parks our delivery model promotes local employment and local businesses. Our planned investments will create up to an estimated 300 full time equivalent regional jobs through to 2030.

We will raise awareness and control the presence and spread of invasive non-native species, whilst collaborating with partners across the region, aligning resources and launching a new Nature Recovery Fund. And as we work to protect and improve the environment, by upgrading wastewater treatment works we also will unlock the building of 6,500 homes between now and 2030 which are currently on hold due to environmental concerns around rivers.

“Nature and forestry – reforestation – really protect the environment and stop flooding. I’m a biology teacher and I know it takes 1,000 years to make 1cm of top soil, it’s a tragic waste when it floods and it’s lost.”

SWW customer

Customer support

93%

agree with proposed investment to improve wastewater treatment

360 new jobs created

Addressing affordability and delivering for customers – overview

Our last business plan was focused on putting customers at the heart and centre of our New Deal. Five years on and much has changed in the lives of our customers and what matters most.

Climate change impacts on water quality and resilience and fixing storm overflows, didn't feature on the priority list for services and in the minds of customers. Neither did the global pandemic, the shock waves that followed, and today's cost of living crisis.

In addition, we have welcomed new customers from Bristol Water and the Isles of Scilly where it was clear that significant investment would be required to bring services and the infrastructure up to standard, as well as reducing debt levels and in ensuring bills were kept as low as possible.

Running a water company is a privilege, given customers can't choose their provider. Our New Deal achieved a first in the sector, to change the nature of the relationship customers have with their local water company, putting them in control and in building a socially responsible business model, when customers become shareholders. Approximately 90,000 customers, four times the number of institutional shareholders, now have a direct say in how their water company is run with the support of an independent WaterShare+ panel who ensure we are held to account for performance. That's the equivalent of 1 in 14 households.

It also means in the run up to developing this business plan, we have had more direct feedback and engagement than ever before, and we have listened to the views of more than 250,000 customers in the last two years. With double the levels of investment, in tackling the issues that matter most to customers, this plan has received overwhelming support from customers that we should invest more, and where levels of support for tackling the key challenges in our region are upward of 90%.

It's also a plan where we have seen a step change in the average willingness to pay, up from £10-£15 in our last plan, to £50 although we remain focused on keeping inevitable rises as low as possible, and whilst investment levels are doubling, bills won't.

On average bill increases will start from £3 a month from 2025 to £9 a month by 2030.

Our plans will:

- **Tackle the biggest challenges head on, creating c. 2,000 direct jobs, and investing £2.8bn in the region**
- **Deliver our largest ever package of support to help those struggling to pay, and doubling down on our commitment to ensure we have zero customers in water poverty in our region**
- **Introduce fair charging for customers through new tariffs, and continuing to encourage water efficiency**
- **Ensure more customers have a stake and a say in their local water company with our unique WaterShare+ scheme, with an ambition to have 1 in every household as shareholders.**





1 2 3 4

Addressing affordability and delivering for customers

Affordable and fair bills for all

Highlights

Continue to support water efficiency and metering across the region, putting customers in control of their bills

Doubling down on our commitments to ensure that no customers are in water poverty in our region

Improve digital and self-service offering to make it easier to interact with us

Further shift control, from water company to customer, with an ambition to have 1 in every 10 households having a stake and a say in their local water company through WaterShare+

Introduce new tariffs and charging, enabling customer to choose the right plan for them, to encourage responsible water usage and recognising the unique demographic of our region.

= £17m enhanced investment

Continuing to expand our **WaterShare+ social responsibility model**, which allows customers to have a say and a stake in our business.

Near doubling of our investment programme, whilst limiting combined bill increases to **£3 a month** in 2025 – increasing to up to £9 a month in 2030

Delivering our **largest ever package of support of £200 million** to help those struggling to pay

Revolutionising our charges to ensure they are fair to all – and giving choice to households on how they manage their **water usage and bills**

Investing in **opening our data** to customers and communities, so they can hold us to account

Proposal

Our plan isn't just impactful; it is also pocket-friendly for our customers. We're tackling monumental industry challenges, and we're delivering on our promises, all rooted in what our customers want. Our overall investment programme is nearly doubling in size – but bills are nowhere near increasing by that much – as we challenge ourselves to be efficient and effective to limit the impact on customer bills.

We are proposing our largest ever package of support to help those who are struggling to pay, including providing proactive transfers onto support tariffs where needed. And to enhance our customer service, we will invest £17m in upgrading our systems so that our data is all our data.

Customers

Affordable bills is particularly important in for our region, where much employment is seasonal and part time, and where median incomes lag the rest of the UK. That is why we have been working hard to keep bills down and today for most of our customers, bills are lower today than 10 years ago. As we deliver transformational levels of investment in our region – we will create jobs, boost the economy, and deliver for customers a c.20% improvement in service.

After years of falling bills, from 2025 bills will need to rise to fund some of this investment. But bill rises will be less than £3 a month from 2025 on the average bill, and up to £9 a month by 2030.

To protect customers, we will double the number of customers on a support tariff to over 100,000 homes. And as we innovate for fairer chargers and introduce smart meters, we will ensure that everyone pays the fair amount for the services they use and benefit from.

Our commitment:

→ **To maintain affordable bills for all, whilst making transformative levels of investment**



Customers in our Bristol region will benefit by £6.50 per year by 2030 due to paying back expensive debt with high interest rates – one of the many benefits of the merger to Bristol customers.

Environment

The pandemic has taught us all that we need to be prepared for the future – and that we need to balance affordability and sustainability as we plan for the future. We have been careful to get the right balance between the pace of investment and affordability of bills, and the increases to bills will fund transformational levels of improvements to the environment that we will make in 2025-2030, making the environment cleaner and healthier, now and in the future.

Community and economy

We will continue to be out and about every day, engaging customers, listening to them and championing water-saving initiatives, free leak repairs, and money-saving tips. We recognise that some customers face affordability challenges due to the cost of living crisis, and we are here with multiple solutions and extensive assistance.

We will be targeting local businesses and retailers to educate and encourage them to use water carefully while supporting them to run strong, resilient businesses. We will look to address tourism and peak summer demand by engaging with businesses most reliant on this trade, helping them to reduce demand and delivering the right information and support so they can be water efficient.

We will continue to expand our WaterShare+ social responsibility model, which allows customers to have a say and stake in our business. As we continue our quarterly meetings in public around our region, customers will continue to have access to our Executive and independent WaterShare+ Customer Advisory Panel.

“Even if it’s expensive, these are where the priorities are. This is more important.”

Customer support

83%

agree with proposed investment in customer services

50 new jobs created

Striking the right balance



Sharon Puttergill
Regulatory Finance Manager

A responsible business

As a Group, we have a long and established history in running water companies. Our strategy is to take the best of our services and replicate it, efficiently and effectively for the benefit of all our customers. And as a socially responsible business, led by our purpose, our role goes further. We also have a responsibility to support those who live, work and visit our region, protect the places they love, today and for the longer term.

This includes our role as a responsible employer, how we share profits and success with our dividend policy and executive remuneration policy, our unique WaterShare+ scheme and how we work across the supply chain.

We believe it's this approach that makes us different from any other water company.

A responsible business – WaterShare+

Running a water company is a privilege, given customers can't choose their provider. The New Deal, our current business plan, sought to achieve a first in the sector – to change the nature of the relationship customers had with their local water company, putting them in control, and to build a socially responsible business model where the ownership is unquestioned.

We are re-enfranchising local people, giving them an anchor in becoming shareholders in their local water company as part of our socially responsible business model. As part of a FTSE listed business, we have four times the number of customer investors as we have institutional ones. This gives customers a tangible stake and a say in what their local water company does and prioritises, and in our plan for PR24.

In the space of three years, we have achieved something never seen before. Approximately 90,000 customers, four times the number of institutional shareholders, now have a direct say in how South West Water is run. This is the equivalent of 1 in 14 households in the South West.

We also are held to account for performance in a way many companies aren't with our WaterShare+ Customer Advisory Panel, with regular panel meetings with the Executive team, as well as quarterly meetings in public. Along with a customer AGM, it means that we are well used to customer engagement such as the 'Your Water Your Say' sessions championed by Ofwat and CCW as part of this business plan.

Future plans

One of the key benefits of the WaterShare+ scheme is the work of the panel, who hold us to account for performance. For PR24, we want to:

- Extend the remit of the panel to vote on South West Water's Executive Pay policy and scrutinise the Dividend policy
- Increase the share ownership model with a target of 1 in 10 households across the Greater South West
- Continue with the sharing mechanism for customers to benefit from any financial gains made by the business.





Deliverability of our plan

As a large organisation we work with a large and diverse supply chain. Our supply chain partners play a vital role in supporting sustainable growth and cost base efficiency across the business.

Alongside our employees, we are bolstering our supply chain.

We have already appointed our Professional Services Consultants spanning: project and programme management, cost management and multi-disciplinary design. In October 2023, a significant milestone will be reached with the appointment of our primary Tier 1 Delivery Partners incorporating 6 new suppliers across 4 lots covering water and wastewater across the whole region. Then later in the Autumn we will move to refresh our Tier 2 and 3 Partners ready for the start of the final year of AMP7 to support both the main capital programme delivery and operational teams.

South West Water has well established relationships with key delivery partners for our award winning Upstream Thinking Catchment Management programme which will continue into AMP8 and beyond. The delivery partners include Cornwall Wildlife Trust, Devon Wildlife Trust, FWAG, South West Lakes Trust and Westcountry Rivers Trust. Those partners have confirmed that they would be willing to supply new services to South West Water and have put forward proposals for delivering collaborative and nature-based solutions to meet the challenges set out in the PR24 plan.

South West Water's supply chain has also been challenged to bring forward a range of collaborative and nature-based solutions, and to set out their relevant skills and expertise, as they consider and respond to our call for framework contacts.

We have already ramped up our investment programme and we are investing at a rate that is double that of two years ago. From our 2025 investment rate we will need to ramp up delivery by c.10% p.a. A robust and secure platform for delivery is fundamental. It means we can deliver efficiently and in doing so keep bills as low as possible.

For our £2.8 billion capital investment programme, we have broadened our supply chain alliance.

Our investment programme delivery model

We have a history of mobilising and flexing our supply chain frameworks to meet the needs of our investment programme. Over time we have evolved our investment delivery approach to meet the needs of the programme, and we are further evolving the model for AMP8. For example, our programme for AMP7 is dominated by catchment investigations, and large treatment works deliverables and our supply chain reflects that.

With a long history of strong regional and national framework engagement, we know that delivering effectively with the supply chain requires a forward programme and early engagement.

With the step up in AMP8 investment clear, the transition to the AMP8 delivery model commenced in September 2022.

We have put in place contracts to deliver our plans for the next 10 years.

Consultant partners (project and programme management, cost management, design and engineering services) and Tier one partners have already been appointed and through close engagement with our supply chain we have confidence that in the South West there will be sufficient capacity in the market to deliver the required investment programme. This means they are already engaged in the detailed design and delivery of the investment programme.

We have made extensive preparations to ensure that our programme is deliverable, which have included:

- **Stepping up our capital delivery this control period** – we have increased our delivery across a number of areas, and have made use of transition expenditure – making an early start on the 2025-2030 programme. By 2024/25 our capital programme expenditure levels will be double that of the 2020/21 levels.
- **Early engagement with the supply chain** – we have held several engagement events with our supply chain, giving the market early visibility of the likely size and shape of the forthcoming capital programme. This has included discussions on ways of works and the types of solution we would like to see delivered – for example, a greater focus on a nature first principle ahead of hard engineering solutions.
- **Expanding our commercial frameworks** – we have expanded our framework arrangements to include a greater number of suppliers. Selection of contractors involved invitations to 989 suppliers, and expression of interests for potential Tier 1 providers were published via the Achilles portal to c.1,400 suppliers. Greater diversity helps provide greater resilience in ensuring sufficient resources in place for efficient delivery.
- **Greater supply chain collaboration** – in particular, ensuring that key commercial terms flow through our Tier 1 suppliers to our Tier 2 suppliers. This will ensure greater alignment on key areas such as approaches to health and safety, and should help ensure a more sustainable pool of Tier 2 partners.

Having tested our deliverability plans with partners, our WaterShare+ Customer Advisory Panel, and our regulators, we are fully confident that we can deliver this planned investment for customers, communities and the environment.

Our innovation strategy

Fostering an innovative mindset is at the heart of our business and underpins our commitment to delivering performance improvements and long-term value.

With the rising expectations of our customers and stakeholders, the impacts of climate change, uncertainty in world, and the importance of the environmental agenda, the need for us to innovate is critical. Of course Innovation doesn't have to be reliant on scientific or technological advances – it can also just mean looking at different ways to solve a problem.

We continuously seek new solutions with long-reaching and cross-cutting benefits. For example, innovations that deliver a step-change in reducing carbon emissions, make environmental improvements, secure a resilient service and, where possible, lower our costs.

We have made
**extensive
preparations**
to ensure that our
programme is deliverable

We have a strong history of seeking innovation in our operations and investments – our pioneering use of ceramics with Mayflower treatment works lead the way for our continued focus on water quality with two further investments in Bournemouth and more planned into the future. Our latest trials, with a local company in Devon, to achieve Rapid Bacterial testing in just 20 minutes (compared to around 16 hours) could change the way we understand the quality of our water and give greater confidence to customers using our lovely rivers and seas.

One theme which continuously emerges across initiatives is that innovation within the water industry is constrained by the breadth, depth, and quality of existing data. As we continue to roll-out monitors across our assets and networks, how we use this data to proactively inform our operations, as well as allow more open and transparent reporting is key.

We are using Artificial Intelligence and increased analytical power in Meniscus – our rainfall prediction and CSO pollution prevention tool for wastewater alongside Ovarro which uses CCTV and AI to intelligently and proactively manage our assets – initially driven by our pollution incident reduction plans it is also benefiting flooding and in future spill reductions.

Innovation is not limited to technology and capital solutions – in Summer 2022 when faced with the significant impact of the drought Cornwall, our innovative ‘Stop the Drop’ campaign which incentivised customers to save water – linking directly to reservoirs was the first ever large-scale community driven scheme and galvanised the region to focus on water efficiency.

Alongside our own areas of innovation we are contributing to 18 industry projects through Ofwat’s Innovation Fund – leading on two of these one working with West Country Rivers Trust on using nature based solutions with farms for water net gain and working to develop a water market with both commercial and universities

We will continue to build on our existing innovation and continually seek new opportunities which will support and enhance the delivery of our plans to 2030 and beyond.



Our people

Our plan will be delivered through our teams and colleagues across the business and our wider supply chain partners.

The South West is a region that supports an economy that is the equivalent the size of Greater Manchester, and whilst there are over 100,000 businesses, many of them are micro businesses and with less than 10 employees. As one of the largest private employers in the region, with the deepest supply chain, this also places a responsibility on us to play our role in supporting the region economically.

As we have been developing our programme we have been stepping up our readiness to deliver.

As part of our PR24 commitments our plan will create c.2,000 jobs across the Great South West, providing local people with rewarding careers in their home region, either directly employed by South West Water or within the wider supply chain.

Recognising that our people are our driving force behind our success and that we will need new skills and capability to deliver our K8 programme, we have revised our people plans and strategy “talented people doing great things for customers and one another” to help us transition to this next phase of delivery.

We estimate that our workforce will need to increase by around 750 FTE across our engineering and catchment partnerships (an increase of around 60%) to deliver the 2025-30 programme. We have already started this recruitment process, including scaling up our apprentice and graduate programmes to unlock a sustainable talent pipeline and as part of a commitment to have 1,000 graduate and apprentices by 2030.

As recognition of this, we have recently been recognised as a Top 100 Apprenticeship employer and have also been accredited as a Gold member of the 5% club and this is acknowledgement of our expertise in recruiting and training an emerging workforce of the future.

We will share our knowledge and expertise gained from delivering our own successful Apprentice Programmes to support our supply chain partners building this capability for themselves enabling the development of their own workforces. Up to 25% of our Apprentice Levy funds can be transferred each year to support other businesses with their apprenticeship costs, and we will explore this option as a path to supporting our supply chain partners.

We will be developing a new Project Management Academy to support our increased requirement for core Project and Programme Management skills. This will include a comprehensive, accredited training programme in established methodology to ensure we have the necessary capability to deliver complex programmes of work.

Our Lead and Lead Aspire Management development programmes adopted from Bristol Water and have now been rolled out across South West Water. We will work with our supply chain partners to offer these programmes across their teams.

Supporting the
local economy with
over 2,000
new jobs



We want you to be the one we all look to. Be trusted. Act with integrity and make good on your promises. Build trust, one relationship at a time. Be rock solid.



We want you to bring your best everyday. Be open and inclusive, work together and win as one team. Let your passion inspire those around you. Be authentic, make your mark and be you.



We encourage you to be curious and challenge convention. Share ideas with confidence and purpose, and help shape our future. Embrace change. Drive progress. Own the challenge. Be the future.

Whilst we are a water business, we are also a people business. With the acquisition of Bristol Water, and in advance of our PR24 submission, we have been looking at our culture and values, the “golden thread” that focuses on not just what we do, but why and how we do it. Over the past few months, we have been carrying out stakeholder interviews, leadership sessions, sessions with our trade union and employee forums as well as undertaking external and competitor desk research.

Our findings led us to several key insights. We’re already a committed values based and driven business, but there’s no doubt our people are feeling the effects of the media spotlight and that’s been tough on them given their passion for what they do each and every day. Galvanising teams and individuals with a reason to think and act differently is an opportunity. And interestingly, in the sector, all values we looked at all said and looked the same.

In the sessions we held, three themes emerged around Trust, Responsibility and being future focused.

We believe our new values are powerful. Not only will they help us be the very best we can be, as individuals, teams and as a business, but there’s an added dimension with an external focus in being rock solid in the way we act and build trust.

Wider workforce remuneration

Across the Group, we operate a reward strategy to support delivery of the business plan.

Our focus is to ensure that our total reward position remains relevant to the new generation of employees as well as our valuable long serving colleagues and continues to drive performance against our business plan commitments and longer-term business plans.

The Reward Strategy focuses on four pillars which build to the employee’s Total Reward Package:



Base pay

As one of 13,000 accredited Living Wage employers in the UK, we ensure that everyone who works for us gets paid fairly for the work they do, and to ensure that pay meets every day needs.

Variable pay

We believe everyone who works for us, should have the opportunity to contribute towards the success of the Group, and to be rewarded for their contribution through bonus arrangements

Saving for the future

Just as we do for customers, we want employees to have a stake and a say in our business, and to save for the future. We operate share save schemes and comprehensive pension scheme arrangements.

Benefits

Our benefits are designed to support employees in well-being, financial awareness and support as well as growing the partnerships with communities, schools, volunteering days, discounts and family friendly policies. We also offer peace of mind through income protection and life assurance.

Specifically for our new business plan we will also:

- Align the annual bonus arrangements for all employees in South West Water to the same 4 priority areas and in ensuring the whole organisation is aligned to delivering for customers and communities.
- Encourage more of our employees to become shareholders in our company and to have a stake and a say in the company through HMRC approved share schemes, and building alignment with our approach to customer engagement through WaterShare+.

Executive remuneration policy

Our executive remuneration strategy has always been set against a number of key principles and we recognise that customer trust is damaged when executive bonuses are not aligned to water company performance.

We will consult on remuneration arrangements for 2025 and beyond. We propose to go further in aligning arrangements to the things that matter most to customers and as a socially responsible business.

- Expanding the remit of the independent customer WaterShare+ Customer Advisory Panel to review on South West Water's Executive Pay.
- Aligning 70% of annual bonus arrangements for South West Water executives to ensure they are remunerated for tackling the biggest issues head on, and the 4 priorities areas in our plan covering water quality and resilience, storm overflows and pollution, Net Zero and environmental gains, affordability and delivering for customers. 30% will remain on financials.
- Reducing the overall maximum long-term incentive opportunities by 50%, and therefore the amount that executives can earn in their variable pay with a proposal to consult and replace our Long-Term Incentive Scheme with restricted stock options, with a focus on the long-term health of the business.

Our dividend policy

Our dividend policy is aligned with Ofwat's principles and the licence. Dividends will be calculated to take account of delivery of the plan with the overarching principles that the dividend will:

- Not impair the ability of the Company to finance the appointed business
- Take account of service delivery for customers and the environment over time
- Reward efficiency and the effective management of risks to the appointed business
- Be transparent.

The dividend policy for 2025-2030 will continue to focus on three components:

- Base dividends – assumed to be a 2% yield on regulatory equity, being at the lower end of Ofwat's suggested range of 2-4% yield
- Performance dividends – adjustments to the base dividend to reflect performance in the period, linked to overall RORE outturns and therefore is a holistic view of performance encompassing outcomes for both customers and the environment
- Other dividends – payments designed to ensure key financial ratios are optimised, including gearing.

The 2% base yield, paid from South West Water to its parent company, Pennon, is in line with Ofwat's suggested range over K8. This acknowledges that a proportion of the return to investors will come through the higher rate of RCV growth in the future, whilst appropriately balancing risk and return. The absolute level of the base dividend will be broadly in line with PR19 reflecting the higher regulatory equity driven by the elevated investment levels.

Case study

CREWW



Centre for Resilience in Environment, Water and Waste



University of Exeter



South West Water

The Centre for Resilience in Environment, Water and Waste – CREWW

Our 25-year partnership with the University of Exeter, CREWW, is working to resolve some of the most pressing challenges in the sector, not just in the UK but globally. Our hope is that CREWW will become a beacon of change for the sector, whilst at the same time driving benefit and investment back into the South West as projects incubators for idea generation and commercial opportunities.

In September 2023, the new CREWW research building entered its final phases and occupation is ongoing to become fully operational.

The dedicated research and innovation hub will include laboratory space, housing new, world-leading analytical, field-monitoring and computing facilities, plus training and collaboration space. It has been designed to promote interaction between South West Water, our supply chain and researchers from a range of academic disciplines at the University of Exeter.

A dedicated microplastics research lab will also be housed in the building.

We are also building a pipeline of research projects that will form the overall research programme. This activity will continue over the 25-year partnership between the University and South West Water, supported by £20 million funding from South West Water. Employing innovation methods such as design sprints and other collaborative initiatives, researchers and colleagues have been busy pinpointing areas of interest for further investigation.

Our key themes:

- Resilient water resources through healthy catchments
- High quality water supplies
- Trusted customer and community experience
- Controlled and managed drainage
- Maximising value through wastewater recycling.

Financing our plan

We know with a cost-of-living crisis that having any customer bill increase is unwelcome. We have delivered meaningful reductions in bills over the last 5 years, and indeed bills today are lower than they were 10 years ago.

The plan we are looking to deliver to 2030 will see a doubling of capital investment across the asset base to deliver the best outcomes that reduce the use of storm overflows, aim to eradicate pollution and increase water resource availability and quality.

We have been working tirelessly to limit the impacts that a step change in investment has on bills. We can do that by driving efficiency across our cost base – operating, capital and financing costs.

We know that every £1 we spend needs to deliver value for our customers and being an efficient company means we can keep customer bills as low as possible.

A key part of the development of our plan has been to ensure that our operations and outcomes are delivered efficiently and that they represent value for money for our customers. The more efficiently we run our operations and deliver our outcomes the lower we can keep customer bills.

We have a track record of delivering efficiently. In the first three years of AMP7 we have delivered c.£200 million of outperformance. We are reinvesting the efficiency into water resources and storm overflow improvements. For the period to 2030, our totex plan assumes we continue to deliver efficiencies of c.£600 million which equates to a run rate of 12%, comparable with previous regulatory periods.

Bills are benefiting from this assumption and are £50 lower than they otherwise would be without it. The risk of not delivering this being borne by shareholders.

So how do we keep bills affordable, whilst ensuring we can finance our plan?

Funding our plan comes from three sources, customer bills, borrowing from debt finance providers and raising money from equity finance providers (shareholders).

The balance of funding from these sources has been carefully considered for 2025-2030 delivery period.

Quite simply the doubling of the investment requirements does not mean customer bills will double. In fact what we anticipate from customers reflects roughly a third of the funding required.

Find out more here



Risk and return

Maintaining
**financial
resilience**
to meet customers' needs
at all times
and under all
circumstances

Sustainable financial policies

Financing investment to
deliver for customers
**now and for
the long-term**

Attracting and securing finance

It is essential that we continue to attract and secure the finance we need to undertake improvements to the service we provide at minimum cost to our customers.

Much like mortgaging a house, there are equity and debt funding requirements to support the investments we are making. Debt providers receive interest payments and equity providers receive dividends and take the risk of delivery over the period.

Significant funding from finance providers will be required for the 2025-2030 period to help finance our capital programme and to refinance maturing existing debt that matures in the period. In order to raise finance in a cost-effective manner there must be confidence that the returns our funders receive, either through interest charges or dividends, are fair and reflect an appropriate balance of risk and return.

Achieving that confidence enables us to attract lower costs of financing. This is crucially important as efficient financing ensures customers pay the minimum amount necessary for the service they receive over the long term.

Over 2025-2030 we will raise new funding in line with our sustainable financing strategy which includes a diverse range of funding types. Our framework links new financing of positive ESG outcomes and in turn ensures we receive the best financing outcomes.

For this plan, we have considered the returns that are required for the wholesale business activities as well as returns that would be appropriate for the retail activities of the business. Our plan uses the assumptions set out in Ofwat's PR24 methodology, noting expectations are that recent changes in market yields will be updated at the time of concluding the Final Determination.

We have tested our plan and under the scenarios that we have run it is financeable with gearing levels remaining at our well-established 55-65% range.

Returns for wholesale business activities

We have reviewed and considered, with the help of independent analysis, Ofwat's guidance for the cost of capital.

We support Ofwat's use of a common assumption to enable comparison across the sector and have therefore prepared the business plan on the basis of the cost of capital and retail net margins in Ofwat's PR24 final methodology. We believe Ofwat's position is broadly aligned with our own (although at the lower end of our range and noting we expect and anticipate the change in IBoxx would be reflected in any final considerations).

We plan to continue to finance our activities in a way which is designed to maintain our key financial ratios (particularly debt/RCV gearing and interest cover) at a level consistent with a strong investment grade rating. We note using the Ofwat cost of capital assumptions (before market rate updates) our plan would be financeable – but with an eroded headroom.

In summary, our modelling indicates that we should be able to raise our funding requirements with additional debt while maintaining investment grade financial ratios. Whilst we do not at this stage necessarily see additional equity (apart from retained earnings) over the period from 2025-2030, we have the confidence that we would have access to do so from a supportive shareholder base if and when required.

We have received support over this regulatory period from our equity shareholders, with £215m from shareholders to fund investments for the drought, storm overflows and to improve the balance sheet after we had purchased Bristol Water in 2022.

Returns on regulated equity (RORE)

The delivery and operational risks are borne by equity shareholders. Overall returns to equity are a function of operational and capital delivery, financing and the impact of delivering against the service and outcome targets in the plan.

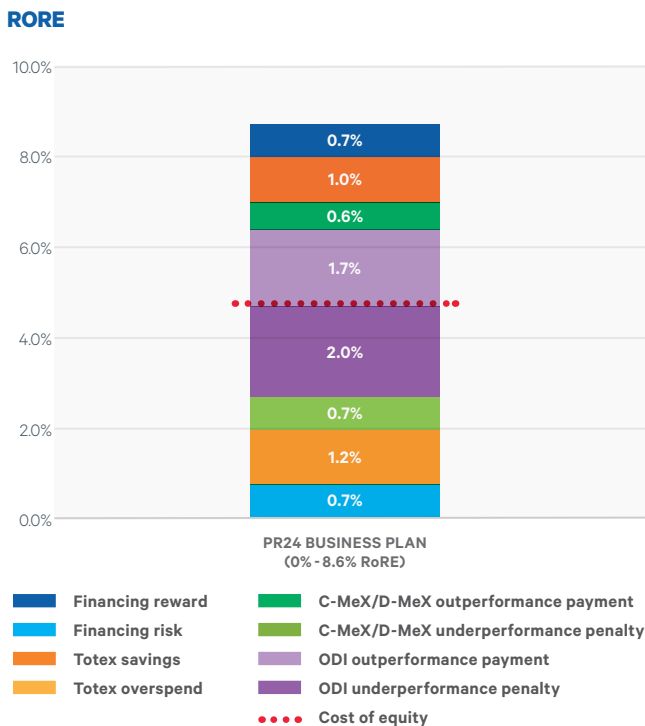
Equity bears the risk of none delivery alongside sharing the upside benefit with customers.

Our plan has sought to ensure we have stretching targets, a cost base that assumes efficiency is delivered and efficient financing is raised.

Turning to the service and outcome targets, we have considered the Ofwat calibrated values and we are deviating from those to ensure we have an incentive framework that is consistent with our derived customer willingness to pay and stretch delivery targets. Our plan includes compelling evidence of the pace of industry performance improvement that is possible from efficient expenditure. We also have extensive customer research into outcome incentives. Together they provide us with a substantial set of information that we have used to design ODIs. This ensures that customers' bills adjust fairly to reflect the performance we deliver and encourages investment that will allow us to target performance at the areas that most matter to customers – the right balance of risk and return.

Pulling together all the elements of the plan, we have considered the overall risk and reward framework. With an ambitious plan, we believe we have been able to strike the right balance.

Overall the RORE range for our 2025-2030 business plan is 0.0% - 8.6%.



Uncertainty mechanisms and risk balance

We adopt the cost risk management proposals Ofwat set out in the PR24 methodology. Details are set out in our Risk and Return document. We propose:

- A standard wholesale totex sharing rate of 50% with customers.
- A 75% customer share for business rates and Environment Agency charges, reflecting the limited say we have in these costs.
- Indexation of labour and energy costs, as we do not include forecast above inflation increases in our plan.

We have worked diligently to reduce uncertainty around the investment programme. We expect that any changes in Government policy or regulatory requirements will be resolved by the end of the PR24 process and can be incorporated on that basis. That includes for bioresources.

Storm overflows remain an area of cost uncertainty given the scale of investment needed. We suggest that an end of period reconciliation mechanism to reflect actual delivery would benefit the framework. For this and other areas of major investment that Ofwat have suggested Price Control Deliverables, we present an option to develop our WaterShare framework to show transparently how new obligations or changes in delivery are happening in practice. If there is a balance due to customers, we would discuss how this is addressed with the WaterShare+ Customer Advisory Panel in period on a timely basis. This may provide more flexibility and better transparency than defining more rigid Price Control Deliverables, which Ofwat propose to set where enhancement expenditure does not have enough outcome incentive value should there be delays to projects or where they are no longer required.

Direct Procurement for Customers (DPC)

Ofwat established Direct Procurement for Customers (DPC) at PR19 as an alternative delivery approach for large capital schemes. It involves the procurement of a Competitively Appointed Provider (CAP) to Design, Build, Finance, Operate and Maintain (DBFOM) the required infrastructure.

DPC currently applies to large, discrete projects in the water and wastewater wholesale value chain. We have applied Ofwat's guidance and considered the size and discreteness of the projects in our business plan. The only schemes we have that are suitable for DPC are the three Strategic Water Resource schemes that are progressing through the RAPID gateway process. These schemes are being developed by West Country Water Resources and are aligned to our final Water Resource Management Plan.

The three schemes where the cost in our plan includes the preparatory and planning work to enable the project to be delivered through DPC are:

- **Cheddar 2** – a new strategic regional reservoir with treatment works and connection to Bickham Moor. This benefits South West Water resources and is planned to be in operational use in 2032/33. The resilience to Wessex and Bristol areas provide additional benefits, with the operational use date driven by the connection to the South West area. The Cheddar scheme will see in construction start in AMP8.
- **Poole water recycling and transfer** – recycling and transfer to supplement water resources as part of the environmental destination. In the Wessex / Bournemouth Water area, with planned operational use in 2035.
- **Mendip quarries** – a new strategic regional reservoir and refill abstractions with planned operational use in 2042.

WaterShare+

Transparency and openness about delivery performance are fundamental requirements for providers of essential public services. The South West Water WaterShare framework was created ten years ago and has evolved across the group to support a transparent reporting of performance and a sharing of financial benefits to customers across our regions.

So far, customers have received c. £40 million of financial benefits – either through lowering bills or through the issuing of shares.

This mechanism allows for year on year true ups of performance, and inherently uncertain aspects in the plan. We are proposing to retain this mechanism to 2030.

We have considered the regulatory mechanisms likely to be in place whether there are any new opportunities to ensure any additional net benefits, particularly from macro-economic changes, are fairly shared with customers. We will maintain the principle of sharing financial benefits with customers whilst still preserving our incentives to efficiently raise finance and investors to appropriately bear risk in this area.

We will continue with the option enabling customers to own a true equity stake and say in our business, a unique mechanism. In the South West area c. 1 in 14 households have taken up this option, and we are looking to increase this to 1 in 10.

We will continue to apply our wider approach to truing up risks embedded in our WaterShare mechanism, to ensure that customers do not pay for uncertainty and risk in base prices ahead of a risk manifesting.

It is important that we have transparency on the potential impact of cost and uncertainty mechanisms, alongside our wider performance. Therefore we intend to continue with the WaterShare+ Customer Advisory Panel that has scrutinised the development of our PR24 plan, and who already act as independent conveners of the WaterShare+ public meetings to scrutinise:

- Performance delivery (ODIs, customer experience measures and WaterShare+ share take-up)
- Customer measures of experience (e.g. C-MeX)
- The impact of accelerated and delayed investment, equivalent to Price Control Deliverables (based on two-way adjustments)
- The potential delivery and financial impact of cost delivery and cost sharing

- Other factors – the potential impact of the uncertainty mechanisms
- The benefit to customer bills from the financial lever choices we set out as part of our plan.

Performance against each of these areas will be summarised as follows:

This approach provides better transparency and customer protection than just relying on Price Control Deliverables (PCDs) and uncertainty mechanisms. The principle of sharing unearned gains (e.g. from project deferment or swaps with other obligations) is a founding principle of WaterShare and this approach helps to ensure that PCDs do not penalise doing the right thing for customers and the environment, whilst we also provide transparency and adjustments for net financial impacts.

We would propose to convert PCDs into a flexible part of the WaterShare framework. This provides an alternative to making PCDs two way, and the challenges in calculating them in a way that provides the customer protection, without potential unintended consequences.

Testing financeability and affordability

We have considered the key financial ratios and financeability of our overall business, balanced with customer affordability.

Key financial ratios used are those consistent with rating agency assessments for a rating that is at least two notches above investment grade rating as well as those which are embedded within existing and current market debt instruments.

Overall the plan's metrics are consistent with a strong investment grade rating, and our existing debt covenants.

We have considered the areas within the regulatory framework when preparing our plan.

Key areas of sensitivity are:

- **RCV run-off rate** – the cost of our current assets and future investment which are included annually within customer bills
- **Pay-as-you-go ratios** – 'fast money' which appears in customers' bills in the short term, largely through operating costs and maintenance.

We have used run-off rates and pay-as-you-go ratios which align with how costs in our plan would naturally fall.

We have tested our plan's financeability and affordability under different scenarios, identifying key risks and testing against ranges of possible outturns on cost and revenue drivers, operational performance, and the impact of regulatory and outcome incentives.

We have identified areas of risk within our plan and have tested these areas of uncertainty thorough our scenario testing to quantify the financial impact of such measures. The key areas considered are linked to our corporate risk register and cover areas such as:

- Customer demand
- Cost pressures
- Changes in general economic conditions including materially different inflation assumptions
- Extreme weather impacts such as flooding and drought
- Outcome delivery.

There is a balance to be struck between shielding customers from risk and the returns that would be required from investors to do so. We and our customers believe we have got the balance right.

Our plan has appropriately identified the key risks we face and considered the impact of these on the financeability and affordability of our plan. We have considered these measures at both the business level and within each revenue control to ensure each plan is individually self-financing.

The table below identifies the costs included within the building blocks of allowed revenue for the appointed business only.

Revenue building blocks (£m – outturn prices)	2025/26	2026/27	2027/28	2028/29	2029/30	2025-2030
PAYG (operating costs including retail and IRE)	369.9	379.7	391.2	405.2	422.4	1,968.4
RCV run-off (including post 2020 additions)	274.8	286.5	300.8	315.9	330.2	1,508.2
Pension deficit repair costs	nil	nil	nil	nil	nil	nil
Return on RCV	178.6	190.1	203.7	218.0	231.8	1,022.0
Residential retail ⁶	60.2	61.6	63.4	65.5	67.8	318.5
Tax	-	24.3	21.1	18.7	17.5	81.6
Revenue legacy adjustments	(13.1)	19.8	20.5	21.5	22.6	97.4
Grants and contributions recognised in revenue ⁷	3.0	3.3	2.1	1.2	0.6	10.2
Total appointee revenue	893.6	958.7	998.5	1,043.6	1,091.7	4,986.0
Key financial metrics						
Capital expenditure	536.0	614.4	684.5	675.8	667.7	3,178.4 ⁸
Water	271.5	279.2	296.5	313.1	300.4	1,460.7
Wastewater	264.4	335.3	388.0	362.8	367.1	1,717.6
PAYG ratio	43%	40%	38%	39%	41%	40%
Regulated Capital Value (RCV)	5,724.2	6,117.6	6,572.2	7,008.8	7,430.4	7,430.4
Allowed revenue by control (£ – outturn prices)						
Water Resources – South West	41.6	43.3	45.0	47.8	51.6	229.3
Water Resources – Bristol	23.6	25.4	26.3	27.2	28.0	130.4
Water Network Plus – South West	293.1	312.4	327.2	340.0	349.6	1,622.3
Water Network Plus – Bristol	119.4	133.5	140.9	147.1	151.8	692.8
Water – total	477.7	514.6	539.5	562.1	580.9	2,674.8
Wastewater Network Plus	321.5	346.2	357.7	376.1	397.7	1,799.2
Bioresources	34.1	36.2	37.9	39.9	45.3	193.4
Wastewater – total	355.6	382.4	395.6	416.0	443.0	1,992.7
Residential Retail	60.2	61.6	63.4	65.5	67.8	318.5
Total allowed revenue	893.6	958.7	998.5	1,043.6	1,091.7	4,986.0

- PAYG and run-off rates reflective of underlying cost profiles and asset lives
- No requirement for pension deficit repair costs following recent injection into the plan
- Returns consistent with Ofwat's base cost of capital assessment
- Taxation reflective of headline rate of 25%, expected capital allowances and brought forward tax balances
- Interest costs reflective of cost of capital and rising in line with debt requirements
- Dividends rebased reflecting 2% yield on equity RCV to 2030.

Affordability

Our extensive customer research has supported the development of the plan, the investment priorities, and the profiling of customers' bills.

This is a plan that has received overwhelming support from customers that we should invest more, with universal agreement that the priorities are the right priorities and where levels of support for the key initiatives are upwards of 90%.

We are acutely aware, in a cost of living crisis, how undesirable it may be for any bills to increase, however despite rising concerns we have seen a step change in the average willingness to pay more, up from £10-£15 five years ago, to £50 for this plan, and for a third customers there is a willingness to pay in excess of £200. We also know that customers want the investment to start now, with current customers sharing the impact on bills, rather than deferring it for future generations.

Most importantly, when we compare the acceptability of this plan to PR19, we have seen increases across the regions we serve. For South West on a like for like testing basis, the acceptability of this plan is 67%, with nearly two thirds of customers supportive. This compares to 59% in 2019 (in terms of how bills and the £50 Government contribution is explained).

For Bristol and Bournemouth the level of acceptability is even higher, with 82% and 80% of customers in each respective region saying the proposed plan is acceptable.

Across all our region, therefore, 74% of our customers believe our plan is acceptable, reflecting the right balance between investment and affordability.

However, whilst we have two thirds of customers that support this plan, we know for some, and with the cost of living crisis ongoing, any increase is difficult. We have worked hard to ensure our bills are kept as low as possible. With increasing investment, we are doing our utmost to lessen the impact of this on all our customers.

- 1. Challenging and scrutinising our plan**, to ensure our investment programme reflects the right investment, to deliver the change our customers have asked for, in the right timeframe
- 2. Ensuring our programme is efficient**, delivering best value, and challenging ourselves to deliver additional efficiency to reduce costs to customers further
- 3. Piloting new, innovative tariffs**, designed to ensure fair bills for all, and reflecting the challenges of our region – where we look after a third of the nation's bathing waters, but only have 3% of the population, and summer demand for water soars as visitors come to our region, benefitting the economy but putting demand on our infrastructure. Our proposed tariff trials will look to incentivise residents and businesses to use water efficiently, in return for discounted rates and reduced bills, whilst reducing the peak summer demand and ensuring fair charges for all.
- 4. Putting customers in control of their bills**, through smart meters to give greater visibility of water usage and ensuring customers can understand their bills whenever they want.
- 5. Offering our largest ever package of support**, for those who may struggle to pay their bill.

74% of customers

find our plan acceptable

Our focus has been on ensuring we deliver the right plan for our customers at the most affordable price. However, no matter how hard we work to keep bills low, we know there will always be those who find their bills unaffordable. We are therefore focussed on ensuring we support those customers who may be at risk of living in water poverty, making sure that they will always have access to this essential service without worry.

We have already increased the number of customers benefitting from our affordability toolkit since 2020, whether through installing water meters coupled with our lowest bill guarantee to reduce costs, through water efficiency audits and devices to reduce water usage, or through our discounted support tariffs, we have been working hard to ensure no one in the South West needs to live in water poverty.

As we move forward, we are doubling down on our commitment to eradicate water poverty, increasing the number of customers who receive support, as well as ensuring that the support they receive remains sufficient that they do not need to worry about their water bills.

Our comprehensive water poverty tool takes a data led approach to identify individual households who may be at risk of living in water poverty. We will proactively enrol those customers on to the most appropriate support tariffs for them, removing the need to ask for support, whilst also engaging to ensure we provide sustainable, supportive measures for customers have access the water and waste water services they need.

We will also continue to:

- Support customers with water efficiency measures, helping to identify where consumption can be reduced or to fix any leaks on customers' property
- Offer customers a payment break, giving them time to take stock of their position and strengthen their financial position without the pressure of increasing bills
- Offer a 'fresh start' with regard to debt issues, providing access to wider debt advice
- Install meters to give customers visibility and transparency over their bills, whilst offering a 'lowest bill' guarantee
- Provide discounted tariffs, tailored to their situation, to ensure their water bill is financially sustainable.

The cost to customers

We are confident that this plan is the right plan for right now, and the right deal for right now. As a responsible business we have ensured that we have struck the right balance between financial resilience and keeping bills as low as possible for customers.

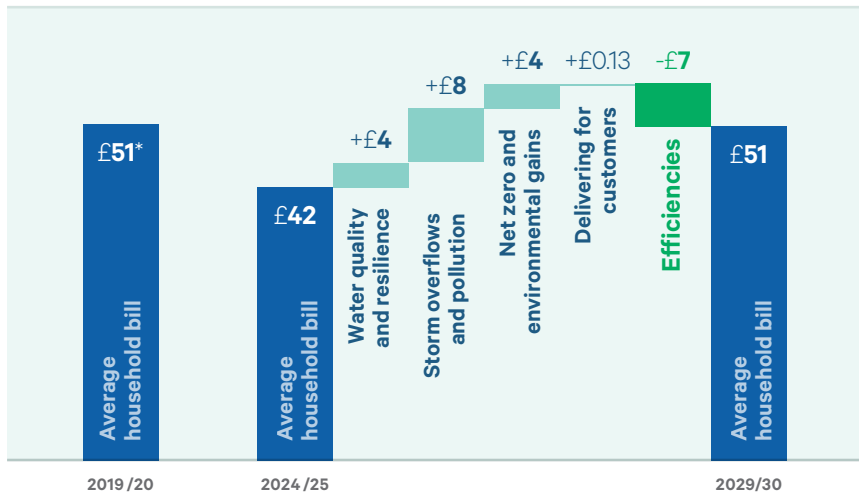
With the increased scale of our programme, this will lead to real bill increases of c.22% from 2024/25 through to 2029/30. We have worked hard to minimise impacts, through detailed customer research to confirm customer priorities, challenging efficiency assumptions and through innovative regulatory adjustments to profile bills over the longer term.

South West Water

At £620 (£570 including GC £50) by 2030, the average bill for household customers living in our South West Water region represents a 22% increase in real terms (before inflation) from 2025.

2029/30 average household bill per month

South West Water



* in today's prices



Find out more here



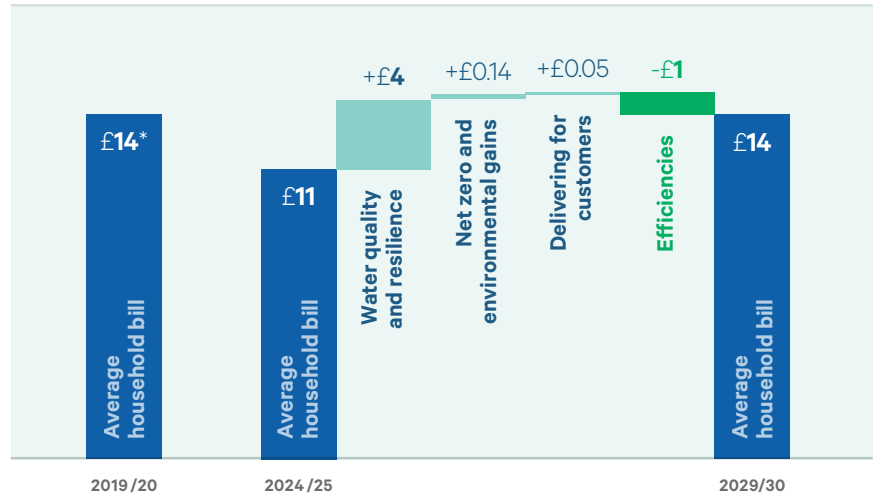
Costs and efficiency



Bournemouth Water

At £167 by 2030, the average bill for household customers living in our Bournemouth region represents a 22% increase in real terms from 2025.

2029/30 average household bill per month
Bournemouth Water



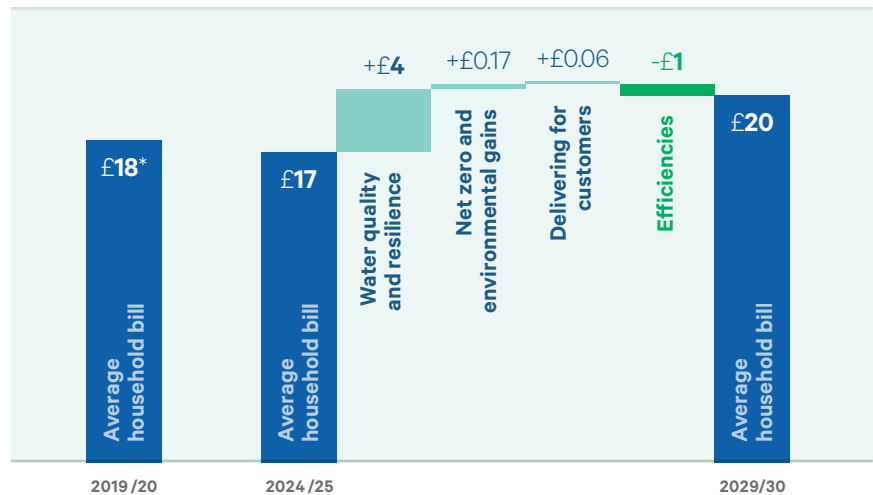
* in today's prices



Bristol Water

At £242 by 2030, the average bill for household customers living in our Bristol Water region represents a 18% increase in real terms from 2025.

2029/30 average household bill per month
Bristol Water



* in today's prices

Developing robust and efficient cost estimates

Our cost estimates have been developed in partnership with our supply chain, using best practice techniques and tested through third party assurance. We have challenged ourselves to remove £500 million 12% of cost from the programme through ongoing efficiency.

We have identified the elements of enhancement that benefit base spend and adjusted our proposals.

Efficiency

We continue to challenge ourselves to be efficient. In the period 2020-2025, totex efficiencies delivered in early year of the period has enabled us to reinvest in emerging areas of concern for our customers, such as accelerating the reduction in spills at bathing beaches and absorb some of the macro-economic shocks.

For our AMP8 plan, we have applied a significant efficiency challenge to ourselves, recognising that we need to step up more than ever before, transforming the way that we work and think to deliver services in new ways at reduced costs. In total this efficiency translates to £200 million from base expenditure and £300 million from enhancement expenditure – 13% overall. This is before taking the frontier shift into account.

In terms of our projection of forward operational costs, we have projected forward a reduction in energy costs based on market rates and have not included any labour real price effect. We suggest index mechanisms for these costs. This is balanced with a lower (0.5%) frontier shift than at PR24.

Our acquisition of Bristol Water has been an opportunity to bring together the best of the best, taking complementary aspects where each company performs well and apply to the combined business. Efficiencies from the increased scale and integration of corporate services activity improve financial resilience into the future and benefit customers through lower bills.

The acquisition has also enabled customers in the Bristol region to benefit from South West Water's access to sector leading low levels of financing costs and enable greater levels of enhancement expenditure than would be the case as a stand alone company.

Other levers utilised to reduce bills

We have aligned proposed returns to investors with Ofwat's methodology in assessing our plans across the sector and in our financial resilience testing. We note current market information, using the same methodology would result in higher returns which we have also considered. Our proposed capital structure and gearing levels will be managed at the optimum level which supports the required flexibility to manage arising risks.

We have benefited from equity support from our parent company Pennon Group PLC during 2020-2025 and injections to our pension scheme such that, meaning that no further pension payments are expected in 2025-2030 removing this potential burden from customers.

The resulting profile of revenues and customers' average bills results in a plan which is both affordable and financeable to 2030.

13% efficiency
applied to our plan

“I think we’re going to have to expect an increase if we want these things done to support the environment.”

SWW customer, Female, SEG ABC1, Aged 46+

Find out more here



Engagement and affordability

Fairer charges

A key feature of our plan is tariff innovation to deliver fairer charges.

Our bills are based on tariffs and charges across our customer base. We aim to make charges fair and reflective of the costs to provide our services.

Customers have told us they feel they are paying a premium for the high peak summer demand we experience when visitors come into the area. They've also said they understand using tariffs to incentivise water efficiency could help customers to use less water and make bills more affordable.

Storm overflows are a key component of our investment programme, with £760m of our programme targeted on making improvements, including separate surface water drainage. We need to ensure that sewage and surface water drainage charges are set at the right level to reflect the high level of investment in this area.

With other services, such as energy or mobile phones, customers have a choice of both the provider they use and the tariff they choose. Customers may not be able to switch to another water provider, but ultimately, we want customers to be able to choose a tariff that works for them.

We are looking at how we can use introduce new tariffs that provide different choices for customers so that customers feel their bill better reflects the service and benefits they are receiving.

We will run pilot schemes to understand what works well and what customers consider to be fair ways of charging and billing for our services.

Spotlight

Fair charges

We have found that there are a range of progressive charge options, which in combination could reduce most household bills by up to £60 in the long-run. These plausible options are:

- **Environmental tariffs** – which reflect the higher cost of peak summer demand, and encourage customers to use less water in the summer months, but provide discounts over the winter where there is less pressure on water resources;
- **Eco-tariffs** – where customers who have low consumption levels are rewarded by discounted tariffs for using only the water they need
- **Rebalancing of charges** – to reflect some of the unique challenges we face as a region and ensure the costs associated with sewerage and surface water drainage are spread fairly across those who use the service. For example the need for additional capacity in the summer months is reflected in properties which may not be occupied all year round.

New approaches to charging will help to improve affordability challenges for the most vulnerable of our customers. By more closely aligning charges to key drivers of costs, customers will have the opportunity for significant savings if they are able to change behaviours. Such changes could also help mitigate the need for spend in certain areas.

We have detailed plans to pilot such tariff innovations, starting in 2024. We will work with communities to look at the right options across the areas we serve. For pilot areas the benefit as customers participate will be both to lower bills overall, but also to our investment in their local community – we will need their support and buy-in for the pilots to work. We will work with Government, regulators, other companies and the Consumer Council for Water to help to roll out these plans and to share what we learn. Our WaterShare+ Customer Advisory Panel are shaping our proposals and will track the outcome as our plans evolve.

Customer share ownership plan

WaterShare+ has **changed** our relationship with customers

Summary of our plan to 2030



Priority	Performance commitment	Incentive	2024/25 baseline	2029/30 target	2049/50 forecast
Water quality and resilience 	Leakage Megalitres per day (MI/d)	£+/-	105.6	85.9	64.2
	Per capita consumption Litres/person/day (l/p/d)	£+/-	149.0	135.9	110.0
	Business customer demand Megalitres per day (MI/d)	£+/-	161.5	157.4	136.9
	Customer contacts about water quality Number of contacts per 1,000 population	£+/-	1.33	0.87	0.52
	Water quality compliance Compliance Risk Index (CRI) score	£-	2.00	0.00	0.00
	Water supply interruptions (HH:MM:SS) per property per year	£+/-	00:05:00	00:04:00	00:03:00
	Mains repairs Number per 1,000km	£+/-	131.6	130.0	124.6
	Unplanned outage % (peak week production capacity)	£+/-	1.20	3.00	0.93
Storm overflows and pollutions 	Storm overflows Average number of spills per storm overflow	£+/-	20.0	17.5	5.1
	Bathing water quality % of beaches meeting bathing water classification	£+/-	100 ¹	100 ¹	100 ¹
	Total pollution incidents Category 1-3, per 10,000km of sewer network	£+/-	19.54 ²	lowest in sector ³	lowest in sector ³
	Serious pollution incidents Category 1-2, number	£-	2	0	0
	Internal sewer flooding Number per 10,000 sewer connections	£+/-	0.80	0.80	0.46
	External sewer flooding Number per 10,000 sewer connections	£+/-	14.09	12.36	8.25
	Sewer collapses Number per 1,000km of sewer network	£+/-	10.50	9.96	8.31
Net zero and environmental gains 	River water quality Kg of phosphorous / % reduction	£+/-	52,622	190,183	516,801
	Biodiversity Units per 100km ² of land	£+/-	0.00	2.44	8.25
	Operational greenhouse gas emissions (water) Tonnes CO ₂ e	£+/-	67,329	70,045	16,001
	Operational greenhouse gas emissions (wastewater) Tonnes CO ₂ e	£+/-	83,707	89,562	15,6088
	Embodied greenhouse gas emissions Tonnes CO ₂ e/£m	£+/- bespoke	385	347	0
	Catchment management Hectares under improved active catchment management	£+/- bespoke	134,000	146,500	196,500
	Discharge permit compliance % site compliance	£-	99.00	100.00	100.00

1 Based on EA classification, see Outcomes document for Ofwat's ODI target

2 Based on the new sewer length

3 Dynamic target based on lowest absolute number in the sector



Priority

Performance commitment

Incentive

2024/25 baseline

2029/30 target

2049/50 forecast

Water quality and resilience



Leakage Megalitres per day (Ml/d)	£+/-	34.7	29.9	22.0
Per capita consumption Litres/person/day (l/p/d)	£+/-	151.9	142.4	110.0
Business customer demand Megalitres per day (Ml/d)	£+/-	57.5	57.8	40.1
Customer contacts about water quality Number of contacts per 1,000 population	£+/-	0.83	0.82	0.52
Water quality compliance Compliance Risk Index (CRI) score	£-	4.71	0.00	0.00
Water supply interruptions (HH:MM:SS) per property per year	£+/-	00:05:00	00:04:00	00:03:00
Mains repairs Number per 1,000km	£+/-	130.7	128.2	124.6
Unplanned outage % (peak week production capacity)	£+/-	2.34	3.00	0.93
Serious pollution incidents (water) Category 1-2, number	£-	0	0	0

Net zero and environmental gains



Biodiversity Units per 100km ² of land	£+/-	0.00	2.12	2.14
Operational greenhouse gas emissions (water) Tonnes CO ₂ e	£+/-	30,651	29,689	6,042
Discharge permit compliance % site compliance	£-	100.00	100.00	100.00

Find out more here



Investor Summary



Outcomes

Beyond 2030



Pawan Kamath
Data Engineer

By 2030 we will have delivered a step change in the water and wastewater services right across the South West of England. We will have the best beaches in the UK, in addition to some of the best in Europe. We will have stopped serious pollution events and supported river health.

We will have additional water sources equivalent to serving three cities the size of Exeter – so that everyone can be confident that there will be enough water for everyone, even as the climate continues to change. And for many aspects of performance and where it matters to customers, we will have sector leading performance.

This is the foundation on which trust and confidence is rebuilt with our customers, stakeholders and regulators.

But it is not the end of the journey. In 2030, we will be ready for the next phase of evolution.

We have spent c.£13 billion over the last 30 years modernising the networks we now operate. And looking forward, there is as much to spend in the future. So, our programme of transformative investment will continue after 2030.

Our plans to 2030 are part of our long term ambition – as we continue our journey to tackle all storm overflows, to recover nature, to be lead free across homes, and as we to continue to build resilience to the uncertain impacts of climate change and population growth and continue to decarbonise all aspects of our operations and services.

These are multi-generational challenges that need long term solutions.

Through listening to our customers and stakeholders, and from assessing the key trends affecting the sector and our region, we have developed our long-term strategic direction which is our guiding star for the long-term.

Our Strategic Direction to 2050 sets out our ambition, the leadership and action we will take, the action needed from others, and the opportunities we must collectively grasp if we are to ensure high-quality, reliable and resilient water and wastewater services for future generations. Our ambition is to protect and enhance the environment at every stage of our operations and provide a resilient service in the future. Achieving that ambition will require us to continue to change the ways that we, our customers and stakeholders all use and interact with our services and the aquatic environment.

Building on the priorities we have set ourselves for the period 2025-2030, we have **five long-term ambitions to 2050**. These will ensure that we protect and enhance the environment at every stage of our operations, recognising the essential role of a healthy environment in resilient and affordable services for the long-term.

Find out more here



Long-term delivery strategy



Our Strategic Direction to 2050

In preparing our long-term strategy we have thought carefully about when it is the right time to invest against these long term ambitions. We have sought to balance the need to meet future legal and regulatory targets and deliver on customer priorities, against the impact on customers’ bills and the need for a fair balance between current and future customers on who pays for improvements. We have tested this balance with customers.

Long-term direction and targets

2030

2050

 <p>All water quality samples meeting all stringent tests Customers enjoy the way water looks and tastes</p>	<ul style="list-style-type: none"> • Zero supply interruptions longer than 12 hours 	<ul style="list-style-type: none"> • All treatment works upgraded and able to address impacts of climate change in source waters 	<ul style="list-style-type: none"> • Remove and replace all lead pipes
 <p>Resource availability increased Leakage 9% on our network, 4% on customer pipes</p>	<ul style="list-style-type: none"> • New strategic reservoir at Cheddar in operation • 100% properties smart metered 	<ul style="list-style-type: none"> • 2039 Risk of severe restrictions in a drought reduced to 1 in 500 year risk • New strategic resources – Mendip quarry and Poole Harbour 	<ul style="list-style-type: none"> • 50% leakage reduction and 25% water consumption reduction
 <p>Storm overflows at beaches addressed</p>	<ul style="list-style-type: none"> • Zero ecological harm from overflow discharges 	<ul style="list-style-type: none"> • 2040 Programme of tackling all storm overflows complete – decade ahead of target 	<ul style="list-style-type: none"> • Sustainable drainage in all new properties and retrofitting existing homes underway • Screens fitted on all overflows
 <p>125,000 hectares of habitat created or restored Net zero target for our operational carbon emissions</p>	<ul style="list-style-type: none"> • Reduced nutrients in wastewater discharges by 80% • Convert all wastewater emissions to biogas • Renewable energy • 1,000 smart ponds to attenuate flood 	<ul style="list-style-type: none"> • 2045 Race to Zero commitment to reduce greenhouse gas emissions (GHG) across our entire value chain 	<ul style="list-style-type: none"> • 375,000 hectares of habitat created or restored • Seagrass restoration along our 860 miles of coastline
 <p>Zero water poverty Sector leading customer service 100% customer issues solved first time</p>	<ul style="list-style-type: none"> • Seamless, connected experiences • Across all channels • AI and machine learning to tailor customer services 		<ul style="list-style-type: none"> • Maintain zero customers in water poverty • 100% customer and community satisfaction with our services

Our core pathway

As we look to deliver long term ambitions to 2050 and meet our regulatory targets, the pathway we take will evolve as we learn more about the impacts of climate change, and customer priorities continue to evolve.

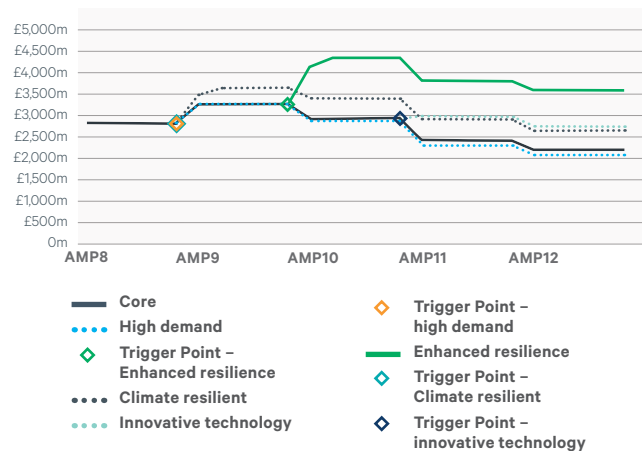
We have used scenario testing and adaptive planning principles to consider options for meeting our long term ambition, balancing long-term affordability and fairness between current and future customers – ensuring that we sequence what matters most, first.

Our analyses shows that we can expect to have similar levels of investment in the future as over the period 2025-2030. The step change will endure past 2030. The first 15 years, up to 2040, are heavily framed by the ambitions and obligations of government policies and regulations. The latter years offer more scope for choice to be driven by future environmental plans and by changes in customers preferences.

It is vital to invest sooner rather than later in some areas – where not doing so runs the risk of our infrastructure failing to cope with the extra demands put on it, or makes it more difficult to deliver the improvements our regulators and customers expect or undermines steps to rebuild customer trust and the region’s drive for renewed economic growth whilst promoting its natural capital.

Reflecting this, we have challenged our plans to smooth out peaks of investment – meeting these needs and targets we face, whilst ensuring fairness between generations and long term affordable bills.

Long-term CAPEX



Our **core profile** of investment reflects the likely impacts of climate change, population growth and other uncertainties in the future. Alternatives to this reflect potential paths we may take to deliver our ambitions if

things don’t pan out as we all expect and we need to rephase or adapt to address the risks we face.

Our long-term plan is most sensitive to adverse conditions around climate change – this has the greatest ability to change our plans.

The weather of the last three years shows just how challenging trends in climate change can be on all aspects of our operations – and it is no surprise that our analyses show that if climate change is more severe or earlier than expected, we will need to deliver increased resilience. This could add up to 40% to our investment plans in the future. Prioritising low regrets investment early, building resilience early and working in partnership will be essential to keeping these costs down as well as minimising the impact of climate change on the services to customers and communities.

Our long term plans fully align and are built on our Water Resource Management Plan (WRMP) and the Drainage and Wastewater Management Plan (DWMP). The preferred pathways of WRMP and DWMP are the core pathways and they have been integrated into our overall core pathway.

Looking ahead with certainty

Whilst there is much uncertainty in the future, the one certainty that we do have is that we will run our business in the best interests of the people, communities and environment of our region. We are certain that we will make strong financial decisions and continue to play a key role in the regional economy through the people we employ and the services we provide.

As legislation and perceptions change, and as we adapt to the changing conditions we operate in, we will work with our regulators and stakeholders to safeguard what we have and invest to build resilience. We will work in partnership with those that have a shared vision and are delivering shared outcomes. And we will continue to target efficiency through innovation, drawing on our relationship with CREWW, recognising that having the commitment to adapt and improve is essential for future success.

And the engagement that is already at the heart of what we do now will continue – with customer priorities continuing to shape what we do, when and how we do it. We will continue to empower our customers as we look to bring water to life, delivering the services on which lives and businesses in our region depend.

We look forward to continuing the transformational journey we are on to 2030 and beyond.

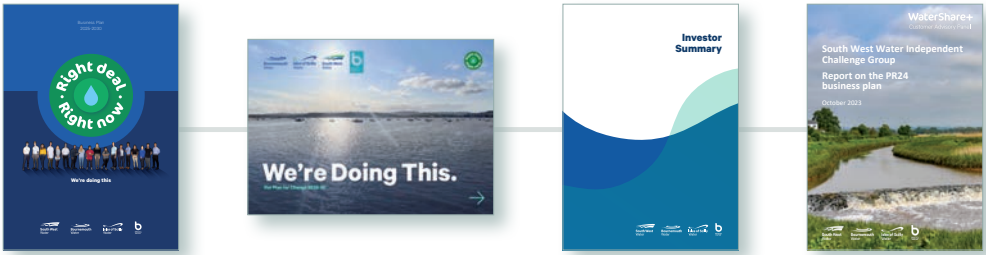
How to navigate our plan

This document contains key information about the business plan and how it relates to Ofwat's PR24 final methodology requirements. Further documents provide additional information about our Business Plan.

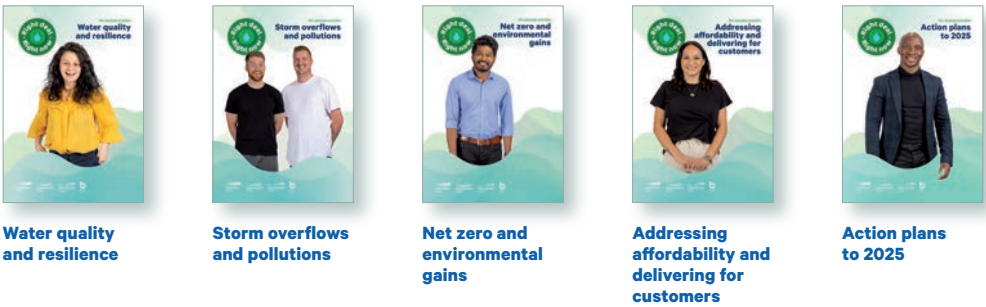
Each 'strategic priority' document provides information about those things that matter the most to customers and communities that we serve.

Each 'evidence against quality tests' document aligns to an individual test area set by our regulator Ofwat, and contains detailed evidence and information on the specific requirements set out by the regulator. To aid navigation, a clear summary of all information relating to each test area in question is summarised in each of these documents.

Level 1 • Main documents



Level 2 • Our strategic priorities



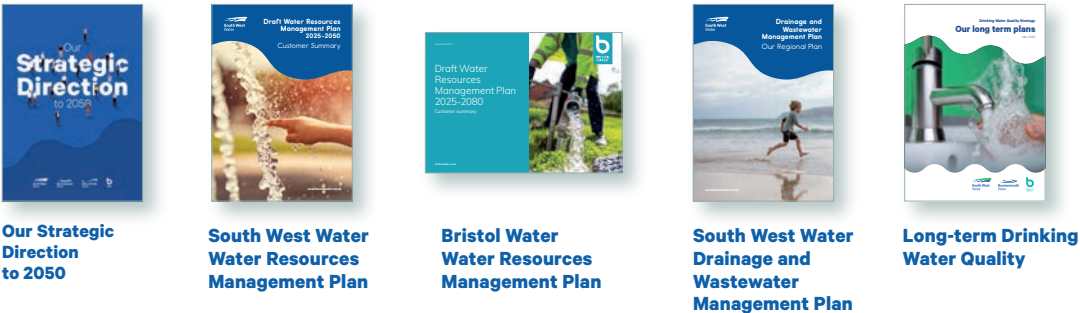
Level 3 • Evidence against quality tests



Level 4 • Supporting documents and data table commentaries



Strategic plans to 2050



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