Evidence against quality tests

Track record of delivery

South West Water

Bournemouth Water

Isles of Scilly Water

Bristol Water

Introduction

We are committed to delivering for customers, communities, and the environment. The stretching performance commitments we agreed with customers for 2020-25 have, largely been delivered, with additional action being taken to keep us on track to meet our commitments.

The purpose of this document is to provide strong evidence of our engagement with customers, outlining our performance and delivery of our commitments.

This document set outs our actual and forecast performance to 2025 against all aspects of our PR19 business plan and 2019 Final Determination, which have been continually reviewed and scrutinised by our customers and the WaterShare+ Customer Advisory Panel including:

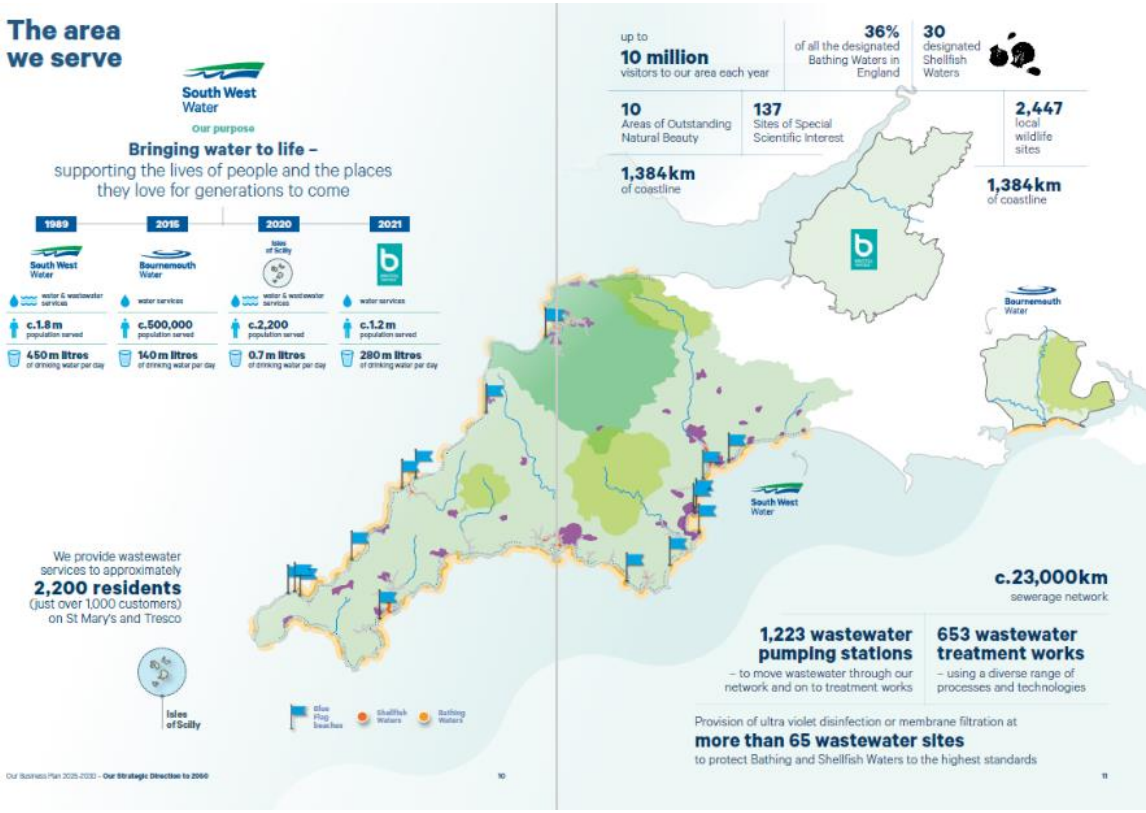
- Board pledges and commitments
- Service targets and performance commitments
- Investment and operating costs
- Dividend and Executive Pay policies
- Bristol Water integration

The Panel meet quarterly in public and are joined by customers in scrutinising our performance.

This document also sets out the adjustments we have proposed for our performance to 2025 which have an impact on our PR24 plans.

Our Board have carefully considered how our performance during 2020-2025 informs our plans for 2025-2030 and beyond, particularly in setting out outcome targets.

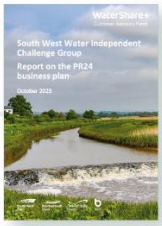
While the price review reconciles differences in a company's actual performance compared to its final determination and makes revenue and RCV adjustments, we recognise that Ofwat expects companies to look beyond the financial impact.



Document Map

The primary documents within the business plan submission are illustrated below. Other supplementary information, reports and documents are also referenced within these documents and can be accesses using a link in the document, where appropriate.

Level 1 • **Main documents**



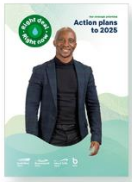
Level 2 • **Our strategic priorities**

Water quality and resilience

Storm overflows and pollutions

Net zero and environmental gains

Addressing affordability and delivering for customers



Action plans to 2025

Level 3 • **Evidence against quality tests**

Risk and return

Outcomes

Long-term delivery strategy

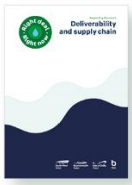
Data, information and assurance

Costs and efficiency

Engagement and affordability

Track record of delivery

Level 4 • **Supporting documents and data table commentaries**



Deliverability and supply chain

Markets and competition

Enhancement business cases

What we have heard from customers and communities

Data table commentaries

Strategic plans to 2050

Our Strategic Direction to 2050

South West Water Water Resources Management Plan

Bristol Water Water Resources Management Plan

South West Water Drainage and Wastewater Management Plan

Long-term Drinking Water Quality

Executive Summary

When we developed our plans for 2020-25, nobody could have predicted the unprecedented level of change the world would experience or, more importantly, how we would emerge from it.

As we prepare for the future, it's right that we take stock of our performance since 2020 and be open and transparent of where we have performed well and acknowledge where we need to do more to achieve our 2025 performance commitments.

As we set out to deliver our plans from 2020, we adapted with a new level of agility to manage the demands of the global pandemic, including ensuring our operational resilience, navigating a compromised supply chain, and protecting the health and wellbeing our of our people.

We saw seismic shifts in both how we live and from where we work. With the South West being renowned for its blue flag beaches and rolling countryside, we experienced an increase in net migration post pandemic, an annual tourist population of c10 million and working from home, we have experienced new demands on our networks. Engagement with Customers on affordability matters was a critical focus for heighted pressure on financial security, which has risen exponentially as we entered a cost-of-living crisis.

Despite these challenges, we have continued to build the resilience of our business with the purchase of Bristol Water in 2021, and by giving our customers a say in our business with the launch of the water industry's first WaterShare+ scheme in 2021.

With a worldwide focus on climate change, in 2022 we had to impose our first water restrictions in 26 years. 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 some of the hottest, driest weather on record a 1 in 200-year event and we are one of only 2 regions in the UK that are still officially in drought.

In the face of shifting weather patterns and a growing population, we have been determined to continue to transform how we protect and secure water resources with unrivalled water quality across the region that will last for generations.

More fundamentally, and navigating this changing landscape, we have delivered improvements at the very core of our organisation through skills, knowledge, and experience with the following key deliverables in the period:

- Our 25-year partnership with the University of Exeter, CREWW – the Centre for Resilience in Environment, Water and Wastewater, is working to resolve some of the most pressing global challenges in the sector. The Joint Venture agreement was signed between the University of Exeter and South West Water in November 2021, and the first purpose-built microplastics research lab to be built in the UK, when opened in Winter 2023 will deliver four projects focussing on reducing contamination.
- In early 2022 we launched our new Graduate Management Programme and set a long-term commitment to recruit 100 graduates by 2025. Since the launch two years ago, the graduate programme has recruited 55 talented individuals, and has proved such success in attracting both female and ethnically diverse talented graduates, we have doubled our commitment to recruiting 200 graduates by 2030.
- In addition to our graduate programme, we have a long-standing commitment to apprenticeships. This year we have doubled our commitment and target for apprenticeships/graduate opportunities and now pledge to support 1,000 roles by 2030. Attracting and developing the next generation of talented employees is vital in building resilience in our workforce and ensuring we can deliver the essential services our customers and communities deserve.
- Last year we supported a further 141 new apprentices across the Group. This brings the total number of new apprentices we have supported since 2021 to 342, we are ahead of schedule to achieve our 2030 target.
- Ongoing investment plans to 2025 have mitigated the risk of significant water quality failures, with our action plan delivering improvements through our 'Quality First' transformation programme and lead pipe replacement projects
- Collaboration on drought with our industry peers has brought together shared experiences and knowledge to ensure the effective management of resources to lessen the impacts for customers across the greater south west.

Enhancing the Greater South West

Our acquisition of Bristol Water in 2021, and subsequent licence merger in February 2023 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 standalone company.

Meeting our commitments

We know our customers feel strongly about our financial contribution to the community, society, and the environment, and in 2020, our Board pledged to deliver a step change in our relationship with our customers and the environment.

Overall, we have delivered against most of these promises, with c70-80% of our ODIs delivered over the period. However, we know there are areas which need our focus and have set out our action plans to delivery continual improvements, and monitor our progress against these with our Board, WaterShare+ Customer Advisory Panel as well as published updates throughout the year.

Delivering our priorities

As a socially responsible business, responding to climate change, delivering Net Zero, building trust in our environmental performance and supporting customers through the cost-of-living crisis are equally critical.

We are well underway with the delivery of our largest environmental investment programme – of £1.5bn, 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 can do all of this because of our robust balance sheet and financial resilience, with £45 million of equity directly injected into the business.

We have focused on innovation, by securing funding on multiple projects through the Ofwat Innovation fund, and our partnership with Centre for Resilience in Environment, Water and Waste (CREWW) – both delivering improvements for us and the wider industry.

Since 2020 we have given customers the chance to have a stake and a say as shareholders through our innovative WaterShare+ scheme. The WaterShare+ Customer Advisory Panel has provided independent challenge on our actions and performance, with the WaterShare+ scheme returning £40 million in total benefits over three years.

Our PR24 plans consider four key priorities:

- Storm overflows and pollution
- Water quality & resilience
- Net zero and environmental gains
- Addressing affordability and delivering for customers.

Storm Overflows & Pollution

The whole industry has been called to clean up its act on the issue of storm overflows. We have responded by accelerating our plans to have 100% of our overflows now monitored – so we can see more about what is happening in our network. We have focused our response on reducing and limiting – and where possible eradicate – the use of storm overflows.

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.

Our ambitious target is a challenge in our region, given the geography of the region means a large proportion of our assets are close to water courses. Our Pollution Incident Reduction Plan is working but will take time for the benefits to be fully realised. We are focused on getting back on track against this target by 2024.

Performance Update & Action Plan

Storm overflows and pollutions

Water quality & resilience

In 2022, the South West experienced some of the hottest, driest weather on record a 1 in 200-year event and we are one of only 2 regions in the UK that are still officially in drought. We were fleet of foot when in our response to managing our water resources and, through continued regulatory and customer engagement, are committed to improving our water resource planning – now and for the long-term.

With reservoir levels falling to record low levels, to protect the region's natural water sources and to build long term resilience, we implemented our “Stop the Drop” initiative – our largest ever customer campaign, incentivising customers to reduce their usage. This contributed to a c5% reduction in demand for customers in the Cornwall region – who then received a £30 reduction on their bill.

Drinking water compliance measures have improved, resulting with upper quarter performance in our South West region. For Bristol Water, water quality is a key area of focus, and we are expanding our Quality First transformation programme, initially rolled out in the South West, to Bristol.

For more information see

Water quality and resilience

Net zero and environmental gains

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.

Our award-winning Upstream Thinking programme has driven an increase in nature and biodiversity across the region, with over 110,000 hectares cumulatively improved to date, and we will remain on track to improve 130,000 hectares by 2025.

Delivering on our Net Zero 2030 commitment remains as important as ever, and we are making good progress across three areas of focus:

1. Ensuring sustainable operations – using our carbon footprint and emissions, process emissions, with carbon capture and storage trials underway and monitoring in place, we have reduced our carbon emissions by c.40% since 2021.
2. Building renewables – on our estate and across the group we are investing in renewables as we look to build a portfolio of renewable schemes that increase our energy security and resilience. We benefit from being part of a larger group of companies, that has invested £160m in renewable energy generation, at no extra cost to our customers.
3. Reversing emissions – working in partnership to deliver nature-based sequestration solutions such as tree planting and peatland restoration, but also provide wider wildlife and biodiversity benefits. Our current peatland programme aims to restore up to 3,000 hectares of peat bog across the South West by 2025, and plant 250,000 trees by 2025.

For more information see

Net zero and environmental gains

Addressing affordability and delivering for customers

Supporting customers when they needed it most is key and 110,000 customers are accessing one or more of our affordability initiatives, providing £35 million of support.

We have an extensive and tailored package of affordability and vulnerability measures to support customers, including specific tariffs and income maximisation schemes.

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 have kept bills below inflation and are pleased to have increased the number of customers benefiting from one or more of our social tariffs by 23%.

Moreover, following our New Deal, the second phase of our innovative WaterShare+ scheme was also launched in November 2022, and almost 90,000 customers have opted to become shareholders since its introduction in 2021. This means, in 2023 one in 14 households across the South West Water region have a stake and a say in the future.

Quarterly customer meeting, Bristol 2023

Looking ahead, we have 4 key areas for the future: you can find out more in our spotlight documents:

- Storm overflows & pollutions
- Water quality & resilience
- Net zero and environmental gains
- Addressing affordability and delivering for customers.

For more information see:

Storm overflows and pollutions

Water quality and resilience

Net zero and environmental gains

Addressing affordability and delivering for customers

Key Messages

Our boards have carefully considered how our performance during 2020-2025 informs our plans for 2025-2030 and beyond.

- We are proposing adjustmenting how past delivery adjustments are made to support customer affordability while maintaining finaceability
- We have delivered our bill commitments made to customers in PR19, and are on track with our commitment to deliver zero water poverty by 2025
- RoRE outperformance every year in this regulatory period
- Track record of delivery gives confidence over credibility of stretching PR24 plans
- WaterFit was launched in 2022 – a specific programme of investment designed to improve and protect our rivers and seas
- WaterFit Live provides customers and visitors open and transparent information about our region's bathing waters and storm overflow operation, in near real-time
- Extensive oversight, governance and assurance on all areas of our performance governance
- Two issuances of Watershare+ has delivered for customers with c90,000 now a shareholder having a stake and a say
- Affordability – Supporting customers when they needed it most – 110,000 benefiting from affordability scheme, providing £35million of support
- Expanding our reach across the Great South West with the successful aquisition and integration of Bristol Water

Board Pledges

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.

Board Pledge	Promise	Progress
We will deliver efficiency, keeping bills as low as possible and address water poverty	We will deliver efficiency, keeping bills as low as possible and address water poverty Target zero customers in water poverty by 2025 In real terms average customer bills are forecast to fall by 11% (South West Water) and 9% (Bournemouth Water) by 2025 South West Water customer bills are forecast to be lower in 2025 than they were 15 years earlier and lower than they are today Continue to focus on cost control and the use of innovation and markets to drive efficiency	• Bills have been kept as low as possible, with lower than inflationary rises – well below the sector average of 7% in 2023/24. • We continue to be eradicating water poverty across the region, with many more customers benefiting from affordability and support tariffs. • £85m of affordability support for our customers so far this period – with over 110,000 customers benefiting from our affordability initiatives. and a 23% increase in customers accessing support tariffs. • With the ongoing volatility of energy markets, we have looked to control cost and boost renewable energy resilience in our Net Zero strategy across the group, with investments in energy generation underway and with more to come.

Board Pledge	Promise	Progress
We will provide outstanding customer service	Target excellent service performance across all areas and sector leading C-MeX performance Meet stretching service performance commitments in the areas which matter most to customers Continue to provide a resilient service for now and the long term, regardless of any challenges faced Deliver major drinking water quality enhancement programme to deliver wide scale benefits for customers	• Modernising contact channels, ensuring customers can speak to us digitally 24/7, enhanced self-serve functionality, and giving customers the ability to provide a meter reading and receive a statement at any time so they can better manage their finances. • Introducing our largest ever community outreach programmes with initiatives around water saving, environment and affordability, and teaching future generations about the value of water. • Meeting or exceeding 70% of regulatory targets for South West Water, and 65% of regulatory targets for Bristol Water. • Delivering sector leading performance – internal sewer flooding for South West Water, and Leakage and Interruptions for Bristol Water. • Strong performance in water – delivering leakage reductions, and water quality improvements, taking this experience to our merged Bournemouth and Bristol regions. • On track with delivering water quality improvements across Bournemouth Water and Isles of Scilly – learning the lessons of Devon and Cornwall upper quartile performance. • Learning from the upper quartile C-MeX in region, that has a below median position.

Board Pledge	Promise	Progress
We will deliver environmental leadership	100% wastewater compliance	• 99.4% treatment works compliance in 2022 – we are now acting to do to maintain and build resilience – to reach 100% • 50% reduction in pollution incidents in 2020 compared to a target of 80% reduction – the second lowest number of pollution incidents in the sector and a priority area for further improvements to reach target. • Installation of monitors at 100% of storm overflows completed, one year ahead of target. • 30% reduction in storm overflow use over 2022, and a 50% reduction during the bathing season, support by WaterFit investment which is on track to reduce releases to an average of 20 by 2025. • Achieved 100% bathing water quality, as assessed by the Environment Agency, for the second year running, with 19 in good or excellent status. • Reduced our impact on rivers by almost one third today, from 90% to 12.6%, ahead of our target of 12% by 2025. • Two Inland river bathing water pilots underway. • Investing £125m to diversify water resources and secure future resilience – progressing desalination solutions to comment installing new pipelines and repurposing quarries. • Significant increasing water resources available by 2025- Cornwall by 45%, Devon by 30%. • Over 110,000 hectares of land improved for biodiversity, protecting rivers from run off, slurries and pesticides. • Launched our 25-year partnership with the University of Exeter, CREWW – the Centre for Resilience in Environment, Water and Wastewater – to work together to solve some of the most pressing global environmental challenges in water. • Delivering our largest ever investment programme – with £750m planned for the next two years.
	Strive to eliminate harmful pollutions to the environment and reduce minor pollutions to record lows in the industry	
	Upstream Thinking programme improving 80% of our catchments	
	Targeting industry leading leakage, delivering 15% reduction from 2020	
	Our largest environmental improvement plan for 15 years to deliver region wide benefits for the environment and economy	
	Deliver our 2050 Environment Plan	
	Future new water transfer to promote resilience and efficiency	

Our area of focus:

…ur pollutions p… …mproved, reducing …n incidents by… …, we know there is …o do. Our Wate… …ommitments will …the risk of poll… …our detailed action … Pollutions can be found here:

Performance Update & Action Plan

Performance Update & Action Plan for Customers

Board Pledge	Promise	Progress
We will empower our customers by giving them a stake and more of a say in our business	Share the benefits of success with customers fairly and transparently, developing our transformational WaterShare+ framework Evolve our sharing mechanism for customers to continue to benefit from financing gains Receive oversight from the independent WaterShare+ Customer Advisory Panel Introduce a first of its kind customer share ownership option from 2020 Hold customer annual general meetings where customers can vote Hold quarterly public customer meetings chaired by independent WaterShare+ Customer Advisory Panel	• More customers than ever before are shareholders in our group, with our socially responsible business model, WaterShare+ giving customers both say and a stake in their local water company. • Second issuance of our unique customer sharing mechanism with Bristol Water customers for the first time. • Annual general meeting each year – each autumn. • Quarterly public meeting since 2021 chaired by the independent WaterShare+ Customer Advisory Panel.

Board Pledge	Promise	Progress
We will deliver our promises, supporting the regional economy and our communities	Invest over £1bn in the region to enhance the communities and environment we serve Deliver key projects to protect rivers, bathing and shellfish waters for our customers, tourists and businesses who depend on them Invest in two new water treatment works in the Bournemouth region Extend our area of operation to include the Isles of Scilly Provide new employment opportunities through our regional investments Use our regional supply chain to support regional economic growth Invest in people, skills, and personal development, including our apprenticeship programme	• Investing over £1.5bn across the region by 2025, with a focus on the environment and drought resilience. • Well on with the build of two new treatment works in Bournemouth, and extending water treatment to the Isles of Scilly. • 18 of 22 schemes to boost bathing water quality delivered – with the rest on track for 2025. • Launch of our new Graduate Management Programme and set a long-term commitment to recruit 100 graduates by 2025. • Our long-standing commitment to apprenticeships focussed on developing the next generation of talented employees which has built resilience in our workforce. • Ongoing investment plans to 2025 have mitigated the risk of significant water quality failures, with our action plan delivering improvements through our 'Quality First' transformation programme and lead pipe replacement projects.

Performance Update & Action Plan

Performance Update & Action Plan for Customers

of focus:

We believe engagement and communication is critical to understand customer concerns and explain to them what we are doing to resolve them. Details of our action plans can be found here:

Our journey so far – storm overflows & pollution

The world is rapidly changing, and so is the responsibility of businesses to do what's right for our environment. We know we have a vital role to play in making our streams and rivers, and the ocean they flow into, clean and free from pollution. The expectations placed on water companies have never been greater, and rightly so.

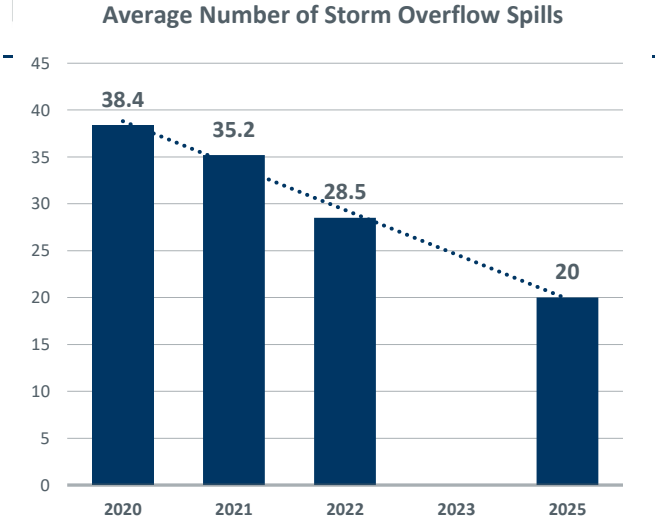
Storm overflows

In April 2022 we published our WaterFit programme which set out our plans for improving quality of our rivers and seas. In developing our plans, we have recognised that our storm overflow assets vary greatly, with some near beaches, and some not spilling at all. Understanding this through our engagement with customers and stakeholders has allowed us to determine which overflows should be improved sooner.

For more information see
WaterFit – our plan for healthy rivers and seas

Where we are now

- ✓ 100% bathing water quality achieved for second year running.
- ✓ Average storm overflow spills per location for 2022 reduced to 28 (c.30% reduction) – ahead of our trajectory of 20 spills by 2025 – through c.50 interventions including capital investment, proactive maintenance, and data response.
- ✓ In recognition of the significant value of our rivers and inland waters, in 2022 we undertook a £4m Pilot project on the Rivers Dart and Tavy, installing 10 river water quality 'real-time' monitors, six on the Dart and four on the Tavy. This information will identify three potential sites and, working closely with stakeholders, will support a bathing water application in 2023.
- ✓ In January 2023 we launched WaterFit Live - a map of the South West showing the potential impact to beaches of storm overflow discharges in near real-time. We also included future remediation plans to give viewers a rich picture of what's happening now as well as for the future.
- ✓ We targeted a 12% reduction in 'Reasons for Not Achieving Good Ecological Status' (RNAGs) by 2025 - and have already reached 12.6% as measured by the latest August 2022 data.
- ✓ There has been an improvement in beach classification at nine designated bathing beaches. At Combe Martin, where our investment and interventions have helped achieve a 'Good' rating (up from a 'Poor' rating in 2020). This has been delivered through enhanced and targeted investments in the local network infrastructure, as well as wider interventions across the catchment.



Delivery of improvements to 2025

Since 2020 we have made good progress to deliver storm overflow improvements through our WINEP and WaterFit programmes.

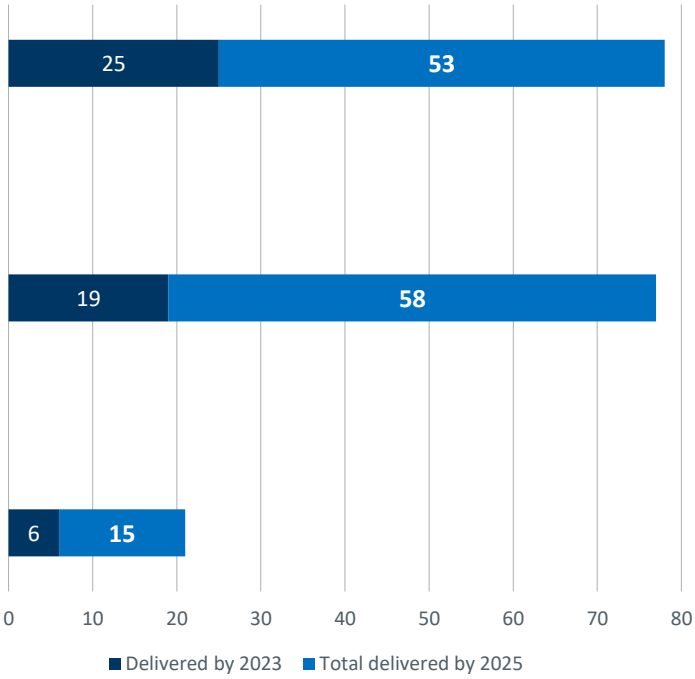
We have increased the flow treated at these works to reduce the duration and frequency of storm overflow discharges.

We have increased storage at these sites by a third and continue further storage increases to meet our spill reduction targets

We have undertaken work at 25 of the 53 sites (47%) installing storm tanks as well as improvements to overflows and screening

Work at 19 sites has involved optimisation reviews, upgrades to pumps and control equipment and where appropriate increases in storage.

At sewage treatment works this work has involved improvements to inlet screen arrangements, optimisation of treatment processes to increase throughput and installation of storm tanks.

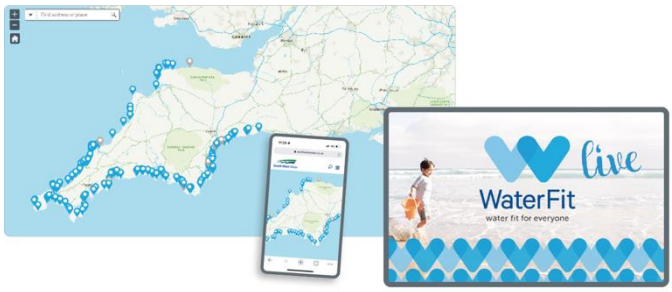


Since the launch of WaterFit in 2022, we have made significant strides in improving water quality at our beaches and reducing the number of storm overflow spills.

- For 20 bathing waters, we will target no more than 10 spills by 2025.
- We are reducing the number of storm overflow spills, maintaining our excellent bathing water quality standards on our 860 miles of coastline all year round, and reducing our impact on rivers by one-third by 2025.
- By 2025 we will be tackling 49 of the 97 designated bathing waters in our region (c48%)
- 100% of beaches meeting the standards and 40 inland lakes – means that high quality water is accessible within 1 hour's drive.
- WaterFit Live will show all storm overflows

Continuous river monitoring

Continuous river monitoring will allow us to fully understand our impact on the environment. These monitors will be located close to our overflows, giving us the information we need to review and adapt our plans going forward.



Storm Overflow Discharge Reduction Plan

Defra published their Storm Overflow Discharge Reduction Plan (SODRP) in 2022 which set out targets for each water company to reduce discharges from storm overflows. We have prioritised our work so that we invest in areas that are environmentally sensitive and close to bathing beaches and shellfisheries first. This is what our customers and stakeholders have told us is most important to them and will maximise the benefits of early investment to our customers, communities, and the environment.

We were fleet of foot and responded quickly – by the end of July 2023 we had visited each of our 250 top spilling sites, and by the end of September 2023 had completed detailed visits to all our Bathing Water sites – this resulted in 37 sites have been removed from our list of Top 100 highest spilling sites.

Pollutions

One pollution is one too many, and we continue to focus on driving down the number of pollution incidents to achieve our ambition to have the lowest number of Cat 1 – 3 pollution incidents in the industry including zero serious pollution incidents by 2025.

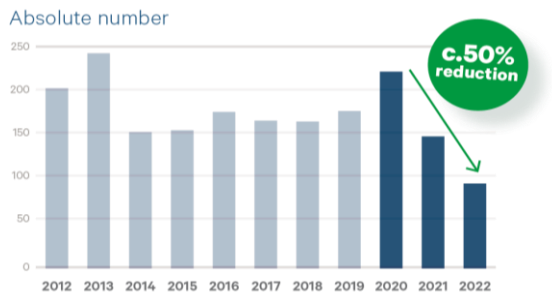
Being WaterFit, we recognise that we need to make year on year improvements as we look to meet the stringent targets in this area. This has been an area of focus and we have made considerable progress. But lasting change can take time.

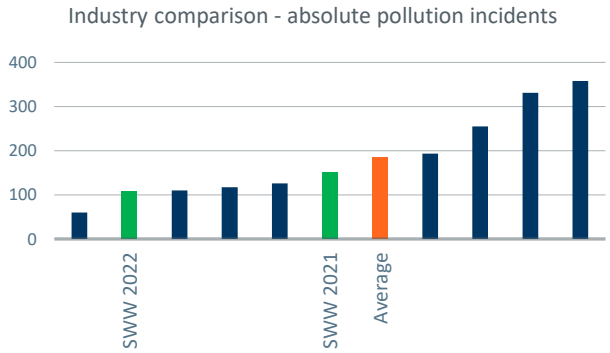
Where we are now

- ✓ Between 2015 and 2020 the number of wastewater pollution incidents remained unacceptably high. Since 2020, we have reduced the number of pollutions by 50%, with our Pollutions Incident Reduction Plan (PIRP) delivering further improvements.
- ✓ Our performance in 2022 reduced pollutions further to 108, achieving the 2nd lowest absolute number of pollution incidents across the whole water industry in 2022 and lower than any year in our previous business plan period
- ✓ In 2022, we achieved a 2 'star' rating as assessed by the Environment Agency as part of their Environmental Performance Assessment. Our ambition is to achieve the highest rating of 4 'stars' by 2025
- ✓ Through accelerated investment, we have installed 100% Event Duration Monitors on all our storm overflows
- ✓ Sewage Pump Station (SPS) availability has consistently been above 98%
- ✓ We have focused significant resource improving our pollution reporting and assessment activity to better understand 'what' has occurred using innovative technology to predict issues on our network before they happen

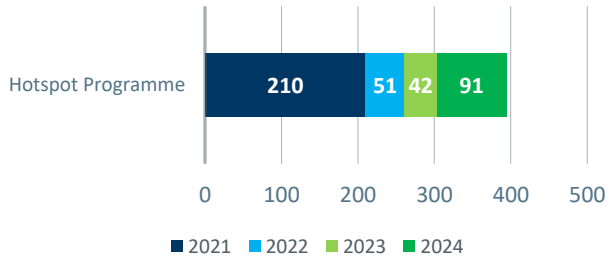
Delivery of improvements to 2025

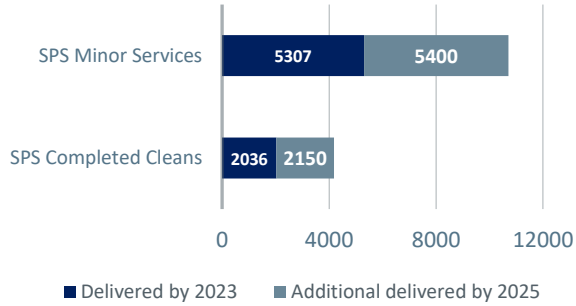
- Continuing our FastTrack investment fund which targeted activity focused on 'hotspots' with 606 completed by 2024
- We will install a further c.9000 sewer level monitors by the end of 2023 – providing us with a with a further 20000 by 2025
- Our proactive rising main replacement through our WaterFit investment commitments will reduce the risk of pollutions further. We are on track to meet our performance commitment in 2024

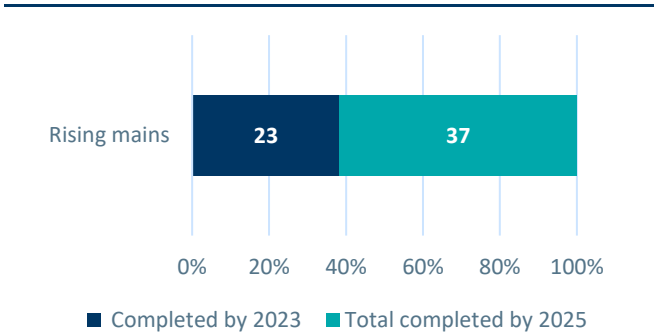




2025 hotspot programme in development







Our underlying performance is improving – but there are areas of focus where we know we need to do better.

We recognise our organisational culture was critical to our success - having the right governance and people in place is vital, and that many of our wastewater activities are linked across multiple areas.

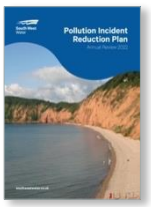
Ensuring our actions to protect the environment are aligned across our improvement programmes is of paramount importance. We have established four strategic pillars of delivery for our treatment compliance, storm overflows, pollutions, and full-to-flow treatment programmes.

Our strategic pillars of delivery

During 2023, we have restructured our Pollution Task Force and Storm Overflow Steering Group with the purpose on reducing the number of pollution incidents and the storm overflow spills which can contribute to our overall environmental performance.

In addition to our PIRP, we will continue to publish our performance through our Storm Overflow Reduction Plan (SORP), EDM reporting and with information now being shared through WaterFit Live showing near real-time information showing the operation of our assets.

We will continue to hold ourselves to account through our independent WaterShare+ Customer Advisory Panel, who will review and challenge our performance, keeping us on track to deliver our commitments.



For more information see
Pollution Incident Reduction Plan

Illegal connections to our network

We know that illegal connections to our surface water network can impact our pollutions performance. We continue to address this new issue by implementing the following:

- Changing our internal Sewer Misuse and Illegal Connection Team to enable them to undertake sewer surveys and engage with customers during and immediately after the pollution event.
- Purchased additional sewer CCTV survey equipment to facilitate this.
- Engaged an external provider to undertake enforcement action against individuals and businesses which make an illegal connection and / or knowingly misuse the public sewer causing harm to customers, property, and the environment.
- As well as the reactive response to illegal connections they are proactively targeting fast food outlets and other known sewer misuse hotspots, across the region to prevent this kind of pollution.

Our customers and those using our services also have a vital role to play in protecting the environment and the number of blockages on our sewerage network is reduced to prevent pollutions occurring. We work in our communities and proactively engage with our customers via our ongoing 'Love Your Loo' and 'Think Sink' campaigns to raise awareness.

THINK SINK!

Our journey so far – water quality and resilient resources

We are proud of our track record in delivering ambitious drinking water quality improvement programmes with the aim of continually improving water quality and the overall resilience of our services. All while facing increasing demand challenges.

As well as the drought, 2022 saw some of the worst storms, with freezing temperatures, rapid thawing, and flooding. The impact of climate change is here now, and we all need to play our part in protecting precious resources.

Water Quality

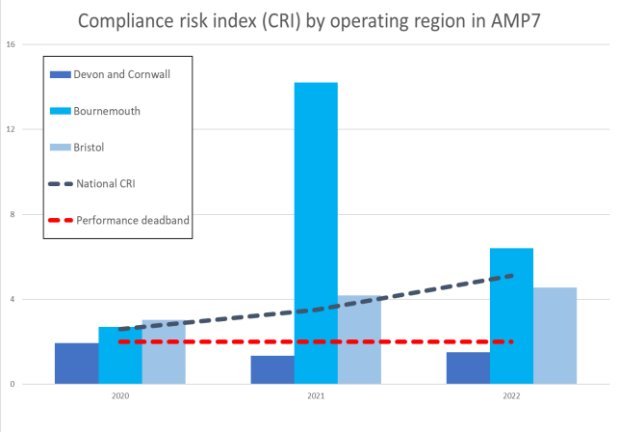
Our customers number one priority is our delivery of clean, safe, and reliable supply of drinking water.

Water quality risk is measured by the Drinking Water Inspectorate's Compliance Risk Index (CRI), which, over time, provides a measure of how company investments and operational strategies are reducing water quality risks. Through our strategy and plans, we have been tackling the most significant risks to water quality and this is reflected in our compliance with drinking water quality standards across the greater south west.

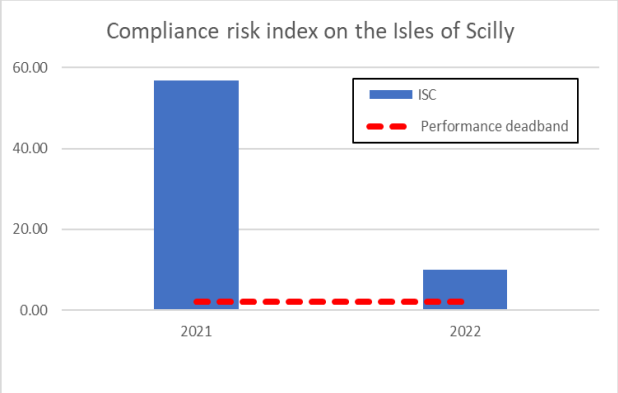
Improving water quality has been a focus since privatisation and in Devon and Cornwall we have some of the highest levels of water quality in the sector – ranking second for WASCs in 2022.

Where we are now

- ✓ Building on the knowledge gained from our research and delivery of the UK's first ceramic membrane treatment facility at Mayflower, we are deploying this technology in a sustainable manner to meet the different water characteristics at two sites in the Bournemouth area. The design of these major schemes is now complete and construction at the Alderney site is underway, with planning at Knapp Mill in the final stages.
- ✓ Customers across the entire south west region are benefitting from our Quality First Drinking Water Services programme, which prioritises always doing the right thing and never compromising on quality, focusing on treated water tank inspections, tank cleaning and maintenance, process control and instrumentation are underway across all regions, and large scale lead replacement trials underway in Devon.



- ✓ Throughout 2022 we established a comprehensive water quality monitoring programme on the Isles of Scilly and undertook a thorough risk assessment of the supply systems, mirroring our proven maintenance standards. The investment we have already made has reduced our CRI score from 57 in 2021 to less than 10 in 2022 and our investment will see these improvements continue.
- ✓ In Bristol (BRL) water quality has been challenging



in recent years with CRI above the industry average throughout this period. We have expanded our Quality First transformation programme and are already investing in sites where issues were identified – particularly Purton, the largest works in the region.

- ✓ 1,094 properties have been surveyed in 2023, selected using the current lead model which predicts the likelihood and confidence of identifying lead pipes. Delivery challenges have been varied, however the project is on track 2025.

- ✓ To date over 5,000 household AMI meters have been installed with the supply chain now in place to further accelerate the programme. Over 2,000 AMI meters have been installed in 2023 and the programme is on track to 2025.
- ✓ South West Water has continued to make excellent progress through our 'Quality First' programme with respect to the inspection and cleaning of treated water storage tanks which is reducing the risk of future compliance failures.
- ✓ The benefits of our long-term investment and operational maintenance strategies at South West Water (Devon and Cornwall) has delivered during the first 3 years of this AMP.

For more information see
Green Recovery Initiative

What we will achieve by 2025

- Significant upgrades in our Devon and Cornwall supply area are being delivered at Littlehempston (South Hams and Torbay), Stithians (West Cornwall), St Cleer (South East Cornwall) and Restormel (our largest facility supplying much of Cornwall).
- The deployment of granular activated carbon (GAC) is providing multiple benefits to water quality including the mitigation of intermittent taste and smell events. By the end of 2025 all of the highest risk sources and around 85% percent of supplies will benefit from this advanced treatment for the South West water region.
- The installation of a radon treatment facility on St.Mary's, within the Isles of Scilly, was delivered in December 2021 in order to protect the vast majority of customers and visitors to the islands. Our investigations showed most of the supplies were influenced by the surrounding seawater and need comprehensive treatment.
- Replacement 6,000 - 7,000 lead supply pipes.
- In Bristol, our network flushing and trunk main conditioning programme to reduce iron, aluminium and manganese, mitigating this risk of water quality failure will continue to 2025.

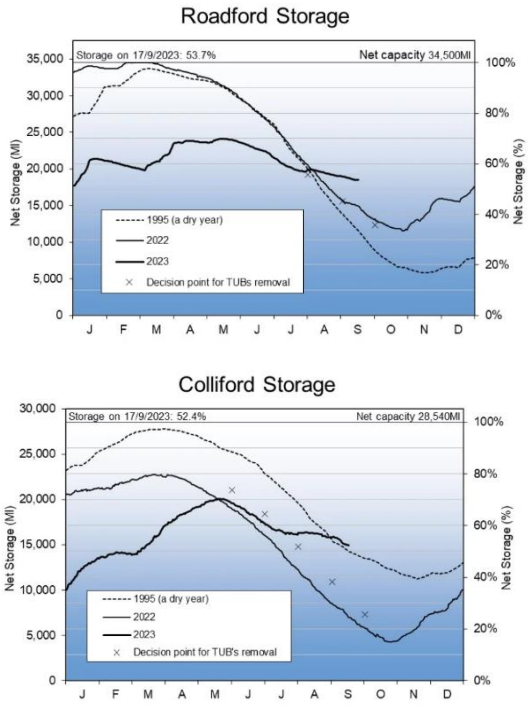
We are in the early stages of deploying the 'Quality First' programme within the Bristol region. The expansion of our operating region has provided an opportunity to collaborate with the excellent teams to share knowledge and expertise to implement proven techniques to solving the diverse, and sometimes unique range of water quality challenges. Key activities include:

- Eight of 35 MEICA based MOTs are now complete covering all Water Treatment Works. These are being delivered by in house Maintenance Teams headed up by our Regional Process Engineers. Delivery will continue into December 2025.
- Installing 190 additional Scientific Monitors (UV transmissivity, chlorine, turbidity, and pH monitors) pre and post disinfection at 27 of the 29 South West Water WTW. A further 48 are being installed at Bournemouth Water Treatment works. Delivery is expected to be completed by March 2024.

Resilient water resources

2022 was an exceptional year - we experienced some of the hottest, driest, weather on record - a consequence of climate change. A combination of a lack of rain, extreme heat, with high levels of soil moisture deficit, and increased demand because of population growth, converged to result in a 1 in 200 year event. Two of the South west's strategic reservoirs, Colliford services the Cornwall region and Roadford serving a large part of Devon were severely impacted, but we worked tirelessly to restore our storage and continue to protect river health by working closely with the Environment Agency.

We were fleet of foot when responding to managing our water resources and, with reservoir levels falling to record low levels, to protect the region's natural water sources, we implemented our innovative "Stop the Drop" initiative - our largest ever customer campaign, incentivising customers to reduce their usage. Most importantly, none of our customers were without water.



Our region

We operate across a unique topography where over 90% of all water resources across our regions are derived from rivers and reservoirs, and none of our strategic reservoirs are directly connected to treatment works. This means it's the low river flows that will drive the depletion of a reservoir, which act as a storage facility in drier months. The nature of our regions water resources differs greatly - from Devon and Cornwall where 92% of resources are from surface water where a network of reservoirs (including three strategic reservoirs) supplemented river abstractions during the summer months, with Bournemouth being river and groundwater fed, and the Isles of Scilly where groundwater sources are supplemented by desalination on St Mary's during the peak summer months.

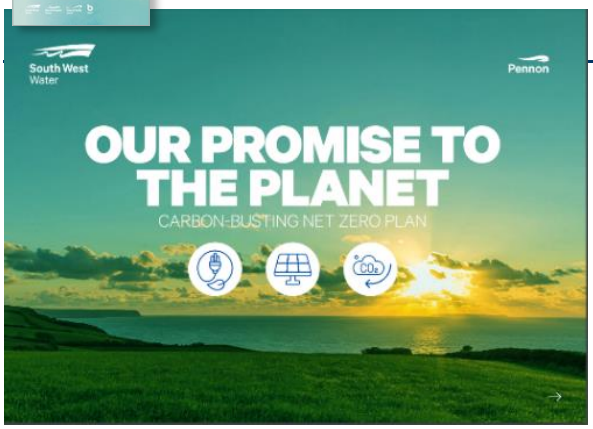
Where we are now

- ✓ Total storage across our region has recovered due to our interventions and wetter weather.
- ✓ Our 'Stop the Drop' campaign, launched in 2022, contributed to a c.5% reduction in demand for customers in the Cornwall region - who then received a £30 reduction on their bill.
- ✓ We have reduced leakage levels - 3 year rolling average South West water has reduced from 126.8 in 20/21 to 113 in 22/23, and BRL from 37.9 to 37 over the same period (although the freeze/thaw in December 2022 meant Bristol did not meet the targeted reduction).

What we will achieve by 2025

- Our ongoing 'Save Every Drop' campaign continue to encourage customers to save water in their daily activities.
- Conversion of a disused clay pit in Bodmin Moor into a new reservoir to supply Cornwall.
- A new desalination plant located in Cornwall, to top up supplies in the areas most vulnerable to drought.
- We will reduce leakage by at least 15% in South West and Bournemouth (relative to 2018 baseline).
- 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.
- 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 demand and 30% of Devon's demand.
- By 31 March 2024 Colliford and Roadford strategic storages both reach 90% storage to ensure we do not risk dropping into Drought Level 3 during 2024 and therefore that we can break the 'drought cycle'.

For more information see
Water quality and resilience



Our journey so far – reaching net zero and environmental gain

As a business so closely associated with the environment, we take our responsibilities as custodian of our beautiful regions very seriously. We know the future of our planet depends on protecting the natural environment and the biodiversity within it.

Net Zero

In 2021, we published our Promise to the Planet - our ambitious plan to reduce our operational carbon emissions to Net Zero by 2030. At the same time, we joined the UN backed Race to Zero commitment which aims to tackle GHG emissions across our entire value chain by 2045.

Our strategy is driven by changing operational practices, focusing on self-generation, and reversing carbon emissions, founded around 'three pillars' which under-pin our Net Zero to 2030 approach – Sustainable Living, Championing Renewables, and Reversing Carbon Emissions. Put simply, we are focused on how we create and use energy in the most efficient way and how we can innovatively use our local environment to reverse carbon emissions for decades to come.

Luckily for us, the South West provides us with everything we need – plenty of sun, wind and, most of the time, water. We run a hydro-electric power station at Mary Tavy in Devon, have installed solar planes at several our more energy intensive sites, and use wind power too.

1.0 Sustainable Living

Where are we now

Since 2021, through meaningful action to reduce emissions and our carbon footprint, we are reducing and decarbonising how we manage and move water throughout our operations, switching to renewable energy sources, and investing in carbon sequestration through native habitat creation and restoration.

- ✓ Our market–based Scope 2 GHG emissions reduced by 65% in 2022/23 (from our 2020/21 baseline) reflecting 100% of energy in Sout West now from renewable sources.
- ✓ Our fleet transition plans have begun with the first 53 EV vans delivered.
- ✓ We have partnered with Drax to deliver the charging infrastructure required with 15 new 22KW charge points installed across our sites.
- ✓ Our energy efficiency programme has audited 19 of our treatment sites which has identified significant savings of nearly 1,175tCO2e.
- ✓ Across our offices and depots, we have implemented several energy efficiency projects.

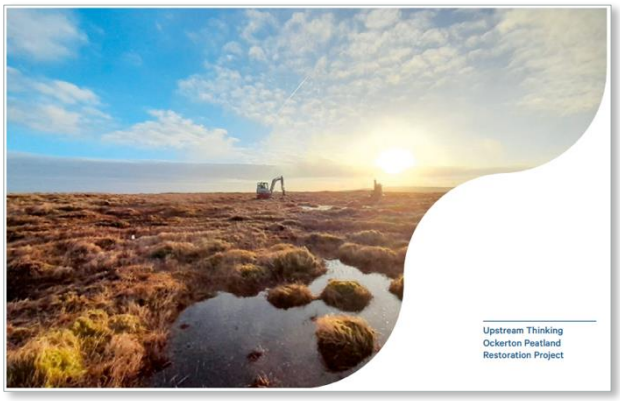
- ✓ From April 2022, South West Water (excluding the acquired Bristol Water business) switched to 100% renewable sourced electricity as part of its new energy supply contract.
- ✓ Our on-site renewable assets have been significantly enhanced, with 2MW of new solar capacity installed.
- ✓ We have also invested in creating energy from waste and currently have seven operational CHP (Combined Heat and Power) plants creating a biogas that is then turned into green electricity used to provide the power to operate our sewage treatment works.

- ✓ Our catchment management Upstream Thinking programme includes peatland restoration – since 2021 we have 111,515 hectares of land managed and resotred.
- ✓ We have planted over 220,000 trees against annual target of 50,000 trees and restored 350 hectares of peatland.

What will we achieve by 2025

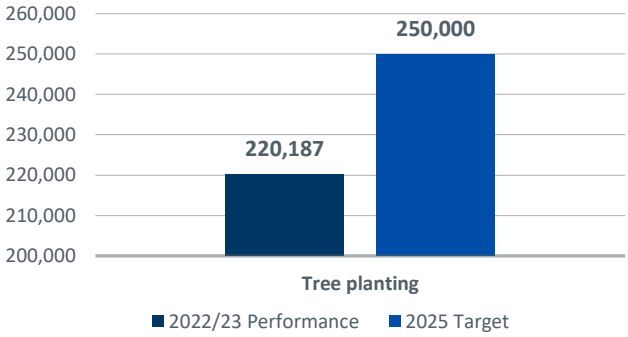
Our plans for NetZero target improvements by 2030, however, we are making progress to 2025.

In March 2023 the Intergovernmental Panel on Climate Change predicted that at current rates, the world could face 1.5 degrees Celsius temperature rise by the beginning of the 2030s – making extreme weather events increase in frequency and strength much sooner than we ever expected. As the world changes around us, we will adapt our climate plans accordingly.



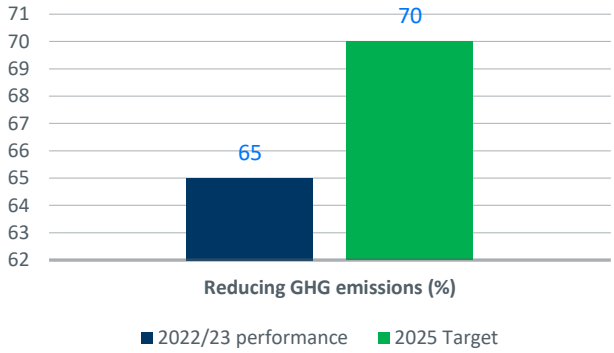
1. Sustainable living

- We expect to achieve 100% of all our electricity is sourced from renewable sources for the Bristol region.
- Further EV vehicles on our trajectory to have 100% electric car and van fleet by 2030.



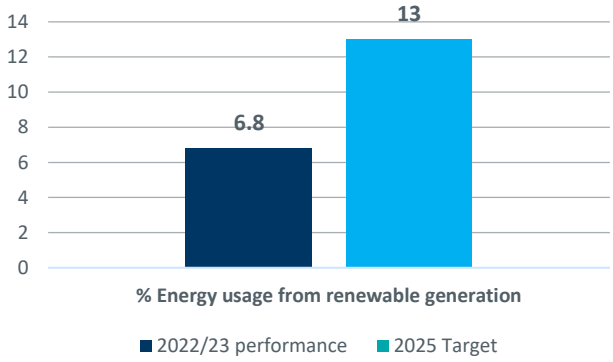
2. Championing Renewables

- We are targeting to produce 50% of our own energy by 2030 from a mix of embedded onsite Solar PV, floating Solar PV, grid connected Solar PV, along with other renewables such as hydroelectricity and making more use of our bioresources for generating energy.



3. Reversing Carbon Emissions

- Our current peatland programme aims to restore 2,800 hectares of peat bog across the South West, which is expected to save around 650,000 tCO2e over the next 50 years.
- The 250k trees we aim to plant by 2025 will save a further 100,000tCO2e.
- We are investigating how WaterFit can support the improvement and opportunity for carbon sequestration in estuarine and marine environment.



Environmental gains

As well as the benefits to our wellbeing, there are also wider benefits from biodiversity such as clean air, clean water, water and carbon storage and cooling temperatures. This helps us protect rivers and reduce the risk of water shortages, flooding or overheating, all of which helps to provide resilience to our changing climate.

As part of our New Deal plan, we made a Board Pledge to deliver environmental leadership across the region. We developed our largest environmental programme for 15 years, and since 2021 we have progressed in all areas of our plan.

But it's not just about us - South West Water has well established relationships with key delivery partners for our award-winning Upstream Thinking Catchment Management programme. The delivery partners include Cornwall Wildlife Trust, Devon Wildlife Trust, FWAG, South West Lakes Trust and Westcountry Rivers Trust. Those partners were also invited to put forward their proposals for delivering collaborative and nature-based solutions which is an ongoing discussion. We co-host the national water company Invasive Non-Native Species Forum and lead the regional Invasive Non-Native Species Forum across the region with our environmental partners.

Natural resources – our fisheries

The south west is an important region for fisheries, being home to 20 principal salmon rivers, three of which are designated as Special Areas of Conservation (Rivers Camel, Axe and Hampshire Avon). Our rivers are home to populations of brown trout, endangered European eel and lesser-known species including lamprey and bullhead. It's critical we understand the part we play and take action to protect the environment.

Our WINEP programme is focussed on improving migration passage currently impacted by our operations.

We have also delivered fisheries work for our 3 strategic reservoirs in the South West Water supply area, including chairing the group of catchment fisheries interests, the RFLC (Roadford fisheries liaison committee), fund a hatchery at Colliford which produces 40,000 salmon fry per annum to restock the St Neot River downstream of the reservoir and deliver habitat enhancement and gravel augmentation through West Country Rivers Trust intending to improve productivity for juvenile salmonid fish and replace sediment trapped by Wimbleball dam.

Where are we now

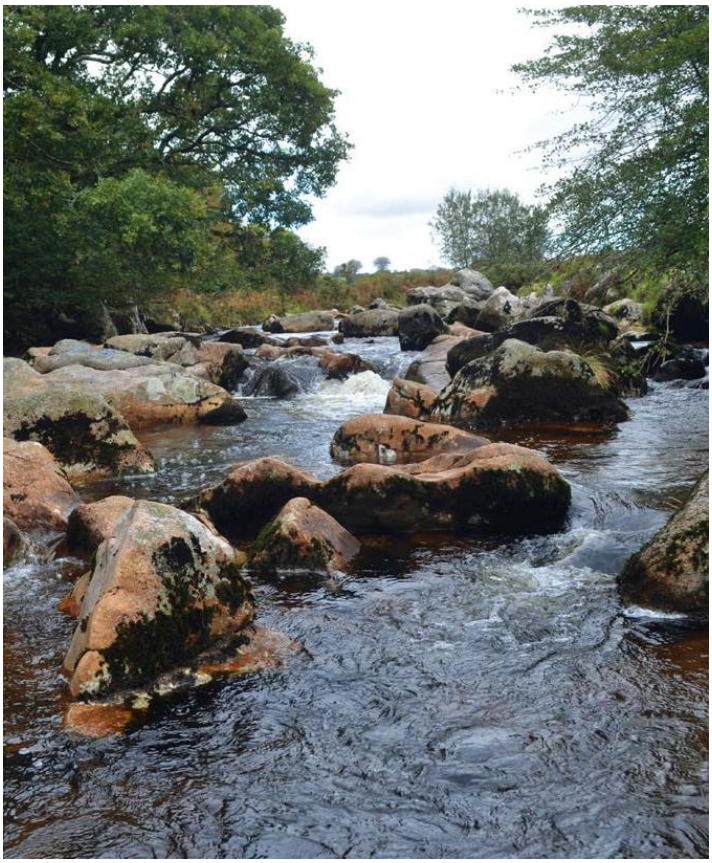
- ✓ We have completed 35 WINEP investigations for this regulatory period.
- ✓ Our habitat surveys, covering 6,310ha of land and 289km linear habitat we own, is supporting management advice at ten County Wildlife Sites informing active management plans delivering biodiversity improvements.
- ✓ We have conducted surveys to understand the nature and distribution of our two wild beaver populations on the Rivers Wolf and Upper Tamar.
- ✓ We have installed biosecurity and invasives awareness signage and wash-down facilities, as well as deploying sniffer dogs to understand the distribution of non-native American Signal crayfish,
- ✓ We continue to work closely with South West Lakes Trust who are monitoring use of this biosecurity hub.
- ✓ Overall, we have 31 sites in the aqua biosecurity accreditation scheme standards, the highest of any organsiation. Across this, we have 22 bronze, 7 silver and 2 gold schemes
- ✓ **we are the only water company with a gold accreditation.**

For more information see
Net zero and environmental gains

What will we achieve by 2025

- In 2023, we will publish our updated Biodiversity strategy ‘Growing Nature’ to grow nature on our land following three guiding principles to:
  - ✓ Protect the best
  - ✓ Restore and enhance the rest and,
  - ✓ Collaborate beyond our land.
- We on track to deliver over 130,000 hectares of catchment management by 2025 bringing benefits for water quality, wildlife, water resources and peatland restoration.
- Achieve our original target of 250,000 trees planted by 2025.
- We will restore an additional 1,000 hectares of peatlands by 2025, to create new habitats, improve river quality and reduce flooding.
- Deliver 25 ongoing WINEP schemes which are on track for 2025.
- Launching a regional pathway action plan for watercraft with Bristol and Wessex Water to reduce the spread and impact of non-native invasive species through the water sports community.
- A project lead by South West Water and West Country Rivers Trust to develop the incentivisation and framework for encouraging farmers to create new ponds or “water batteries” on their land. These ponds passively contribute water to rivers and increase summer base flows will also dilute any residual pollution not managed through current agricultural water quality incentivisation schemes, provide additional flood protection and aquatic biodiversity benefits.

For more information see
Biodiversity Strategy



Our journey so far – Affordability & customer service

Our customers are at the core of everything we do, every single day. We understand the delicate balance between our need for investment and delivering excellent customer service and affordable bills.

Affordability

We are all living through the worst cost of living crisis that many will have experienced in their lifetime, and while living in a region where 1 in 3 constituencies have above average levels of deprivation. Rising prices have weighed heavily on everyone and it is critical that we support our customers to deliver quality services as efficiently as possible, so that bills remain as low as possible.

We are committed to eliminating water poverty across the region and have an extensive package of affordability and vulnerability measures, including specific tariffs and income maximisation schemes. We are on track to eradicate all customers in water poverty by 2025.

Where are we now

- ✓ In all the areas we serve, average bill increases for 2023/24 will be well below the headline rates of inflation (South West Water – 0.8% and Bristol Water – 5.5%).
- ✓ To date over 110,000 customers have accessed financial support from support tariffs, company funded debt write off schemes and income maximisation with over £35m of support provided over the same period.
- ✓ 8k customers proactively enrolled onto our WaterCare Tariff and brought out of Water Poverty in 2022-23.
- ✓ During 2022/23 we developed an approach to proactively identify customers at risk of being in water poverty. For the first time allowed us to auto-enrol customers onto support tariffs, removing the need for customers to apply.
- ✓ Introduced Lowest Bill Guarantee to incentivise customers on to a meter.
- ✓ We now have a two-way data share in place with National Grid (NGED) and Scottish and Southern Energy Network (SSEN).
- ✓ Working with partners in the debt sector continues to be important, to help ensure customers seek advice on all the finances. In the Bristol area we have used our Hard-to-Reach fund to generate awareness of our help further into the community.
- ✓ Current data shows that 97% of South West Water and 100% of Bristol Water customer bills are assessed as being affordable. However, the proportion of SWW customers stating they sometimes find it difficult to pay their water bill has increased by 4% in the last year to 14%.
- ✓ We continue to keep bills as low as possible with bills in South West Water being £10 lower in 2022/23 and remaining lower than 10 years ago.

What will we achieve by 2025

- ✓ The annual bill increase for 2023/24 has been kept below inflation and industry average increases.
- ✓ We expect the number of customers benefitting from our support to grow by more than 50% to over 150k to 2025.
- ✓ To achieve our industry leading 2025 ambition, alongside CACI and ICS we have developed an extensive and innovative suite of data which allows us to identify with a high level of probability those in Water Poverty, and in most need of our support.
- ✓ Our data shows us that 2024/25 a further c10,000 unmeasured customers will need to be brought out of Water Poverty. These customers are some of the hardest to reach and often most vulnerable who are unable (private landlord) or unwilling to apply for a meter which in most cases, based on occupancy and property size, a meter alone would bring the customers out of Water Poverty.

Customer Service

We work hard every day to deliver for our customers. Our C-MeX performance and wider customer perception was impacted by the Temporary Use Ban in Cornwall and a small part of North Devon in August 2022, as an environmental drought was declared by the EA. Overall, our customer satisfaction position has remained stable scoring 12th in the industry for South West Water. In Bristol, customer service and perception are stronger delivering 6th for 2022/23.

Where are we now

- ✓ We have modernised our services to give customers the ability to provide a meter reading and receive a statement to better manage their finances in the midst of a cost of living crisis.
- ✓ We introduced 'always on' WebChat and WhatsApp giving our customers the same conversational experience as telephony operating 24/7 enabled through our people strategy and offshore partnership.
- ✓ We introduced our largest ever community outreach program with engaging initiatives including water saving, environmental and affordability, as well as teaching future generations about the value of water.
- ✓ We have redesigned our website and literature using the gold standard web content accessibility guidelines and followed the CCW's recommendations in respect of common language and simplification.
- ✓ Extended free customer leak repairs.
- ✓ 170,000 free water saving devices issued in 2022 and over 18,000 free water butts issued to customers.
- ✓ In 2023 we launched WaterFit Live – giving our customers increasing transparency of environmental performance.
- ✓ Stop the Drop – our largest ever customer engagement campaign launched in 2022.
- ✓ South West Water maintained our certification under BS 18477:2010, the British Standard for Inclusive Service Provision.
- ✓ 95% of Operational customer contacts in 2023 were resolved first time – giving customers confidence we got it right first time.
- ✓ Our Watershare+ scheme gave it's 2nd issuance in July 2023, giving customers a stake and a say in our business.

What will we achieve by 2025

- We are targeting a C-Mex position of 8th for 2025.
- Training and development of our staff to build a 'customer first' culture - through analysis and review of the extensive feedback data we receive on customer contact, coaching and training of staff, and engaging across the business with a 'customer first' approach.
- Self-serve functionality – continue to enhance self-service functionality to meet customers' needs, including creating the ability for a customer to submit a meter reading and generate a statement at any time.
- Save every drop – our ongoing customer campaign to encourage customers to save water will continue going forward.
- South West Water is planning to upgrade to the new "BS ISO 22458: Consumer vulnerability. Requirements and guidelines for the design and delivery of inclusive service", which has been developed from the British Standard BS 18477.
- In 2023 Bristol Water will be audited for BS ISO 22458: Consumer vulnerability.

Placing our customers at the centre of what we do

Stretching from Bristol to Bournemouth, Devon, and Cornwall, including the Isles of Scilly, we serve a unique population. Our region, given its dependency on agriculture and tourism, experiences large socio-economic challenges, particularly in urban and coastal areas.

For more information see
Addressing affordability and delivering for customers

Bristol Integration

On 3 June 2021 Pennon Group announced that it had acquired the Bristol Water Group. Following a phase 1 enquiry by the Competition & Markets Authority, regulatory clearance was received on 7 March 2022.

In February 2023 we successfully concluded the Licence and statutory transfer of Bristol Water, transferring employees into South West Water. Our 2022/23 Regulatory Reporting was combined, however our outcomes, financial and operational data have remained separate, in reality we are operating as one Water business, working through our integration plans and commitments. At the same time, whilst we operate under one company and one regulatory licence, we recognise the importance of maintaining our customer facing approach and therefore we retain our three brands of South West (including Isles of Scilly), Bournemouth and Bristol Water. But it is now easier to share best practice, for example our approach to Quality First, ensuring clean and safe drinking water at the top of our priorities. Customer service is also an area where strategies and plans can be shared to improve performance for customers across all our regions.

Our proven integration blueprint consists of three phases. The first, focused on integrating our back office teams, is largely complete, and we have developed a combined plan for PR24 to deliver the best outcomes for all stakeholders. Phases two and three will focus on operations and customer services.

We have delivered over and above what we promised when we presented the integration with Bristol Water to Ofwat and the Competition and Markets Authority (CMA).

Highlights of the integration that have either been delivered or planned to be delivered by 2025 include:

- Return of the company-specific adjustment to the cost of debt to Bristol Water customers – customers benefitting through a lower bill from 2023/24 from the end of the higher financing cost allowance
- Bristol Water customers benefitting through the extension of the innovative WaterShare+ mechanism in 2022, which not only shares the benefits of outperformance with customers, but provides the opportunity to take a stake in the business and to take part in public meetings across the region on our performance.
- Retention of Bristol Water customer challenge group (as a sub-group to the WaterShare+ Advisory Panel) to oversee and scrutinise Bristol Water performance in 2020-2025. As the WaterShare+ Advisory Panel has been expanded to include the Bristol Water area, the approach means that we spend more time directly engaging with our customers, at quarterly public meetings and at our customer AGM, so we can hear directly what matters most.
- Given the cost-of-living crisis customers' bills were kept below headline inflation, and lower than industry average increases, deferring the increase in allowance available from the Competition and Markets determination.
- Recognising the importance placed on service, we are proposing to retain separate outcomes for PR24, for the Bristol area.

We are excited about the opportunities the merger will continue to bring for our staff, with benefits from sharing experiences, best practice and plans for the future. Working together, and by sharing the best from across the Group, we will strive to continually improve our service to our customers, communities and wider stakeholders. We are working as a Board to continue to consider the strategic and operational options and plans for the business to further move the integration forward and in the context of the wider Group. We look forward to delivering on our ambitions in 2025 and beyond.

Green Recovery

South West Water's Green Recovery Initiative, which was developed with and supported by our customers focuses on opportunities to make an even bigger environmental and societal contribution to the South West over and above our stretching 2020-25 business plan.

Our Green Recovery programme and has seen a continued increase in activity in respect of each of the five core schemes. As a responsible regional business, we committed to the programme following the impacts of the COVID-19 pandemic upon the economy of the South West of England, which was particularly hard hit.

Our plan, which was approved in July 2021 commits to an investment of c.£82m (in 2017/2018 prices) to deliver five schemes:

- **Knapp Mill water treatment works advancement** accelerating the upgrade of the Knapp Mill water treatment works near Christchurch
- **Water resource grid enhancement** increasing water supply resilience by supporting water transfers
- **Smarter, healthier homes** trialling ways to help customers save water, protect customers from the cost of supply pipe failures, and reducing health risks from lead pipes
- **Storm overflows reducing harm** from storm overflows and improving river water quality
- **Catchment management** using nature-based solutions to improve water quality and enhance natural habitats.

With most of the programme implemented from 2022 to the end of the regulatory reporting period in 2025, the second year has included a significant pick-up in activity, with further land incorporated into intensive peatland and catchment management schemes, a further roll-out of smart metering and the commencement of multiple storm overflow assessment framework (SOAF) investigations.

In recognition of the significant value of our rivers and inland waters to communities across the region, South West Water are undertaking a £3.9m, 3-year Pilot Project on the Rivers Dart and Tavy.

The pilot project, which is part of our Green Recovery Programme, began in Summer 2022.

Green Recovery – our progress

Our momentum in our Green Recovery has picked up and we remain on track to deliver the committed benefits by 2025 (and where relevant 2026). For certain aspects of our programme start-up issues have resulted in a slower than forecast start to some of our initiatives, and this has had an impact on benefits achieved in the first two years of the programme.

We have worked to reprofile the programme to ensure each initiative delivers the benefits by the scheduled completion date.

Further information on the Green Recovery outputs and expectations are detailed in the data tables and commentary.

Knapp Mill water treatment works advancement

The project will upgrade the existing Knapp Mill Water Treatment Works domestic supply with a new innovative treatment process. This will provide a world class drinking water supply solution for the supply network serving Bournemouth Water customers, providing excellent water quality and long-term water supply security for the region.

Future programme

- **Outline design & ECI period**
  25 May 2023
- **Enabling and long lead item procurement**
  10 January 2024
- **Construction period & Commissioning**
  11 May 2024
- **Provide all treated water from Knapp Mill via the new solution**
  31 March 2026

For more information see
Green Recovery Initiative

Water resource grid enhancement

Following completion of the outline design and development stage a contractor has been appointed to deliver detailed design and construction of the Prewley to Northcombe transfer mains. For the Roadford pumped storage scheme, we are working towards the full planning application having completed as an engineering exercise optimising the size of the scheme.

Future programme

Northcombe – Prewley

- **Main contract award**
  31 May 2023
- **Start on site (main construction)**
  1 July 2023
- **Construction complete/ Commissioning**
  31 December 2024
- **Install a new raw water main connecting Meldon Reservoir with Northcombe works (DWI SWB-2021-00009 Prewley WTW)**
  31 March 2025
- **Install a new treated water main from Northcombe works to Prewley works (DWI SWB-2021-00009 Prewley WTW)**
  31 March 2025
- **Commitment to complete under Green Recovery**
  31 March 2026

Future programme

Roadford Pump Storage

- **Main Contract awarded**
  30 June 2023
- **Planning and Abstraction License granted**
  31 December 2023
- **Start on site (main construction)**
  1 March 2024
- **Construction complete/ Commissioning**
  31 December 2025
- **Commitment to complete under Green Recovery**
  31 March 2026

Smarter, healthier homes

Our smart meter installation programme has continued in the year, and although to date we are behind the initial planned rollout, this following initial start-up issues, and we have reprofiled to ensure delivery by 2025.

Future programme

- **Full delivery element started**
  January 2023
- **Review of first 1,000m installation**
  April 2023
- **Retrofit installation programme starts**
  1 April 2023
- **Internal lead replacement starts**
  May 2023
- **Customer data available for them to view their water consumption**
  Summer 2023
- **AMI installation complete**
  31 March 2025
- **Lead replacement programme complete**
  31 March 2025

Storm overflows

We have completed 33 of the 100 SOAF investigations by the end of the programme. In respect of the Dart and Tavy River Bathing Waters Pilot, we are working collaboratively with local stakeholders and community groups which are planning to apply for inland bathing water status. We have commissioned detailed investigations to assess where and when our assets may influence water quality around these locations.

Future programme

Summer 2022 into 2023
- River water quality monitors and storm overflow monitors deployed and data gathering begins
- Ongoing stakeholder and community engagement
- Trial of the Window on the Environment platform

Winter 2023 into 2024
- Full review of all our findings including cost benefit analysis
- Programmes to improve river water quality

Spring 2025
- Report on findings published
- If appropriate, following completion of the pilot, we would support bathing water designations on the Dart and Tavy rivers

Catchment Management

To date, we have successfully delivered our target for areas under catchment management across our three workstreams, against a target of 3,000 ha. Thanks to the success of Green Recovery and our Upstream Thinking programme, we have again met the combined performance commitment for new land under active management and look forward to another successful year ahead.

Future programme

Delivery partners delivered 366 ha of catchment management activities.
31 March 2022

Delivery partners delivered a further 3,414 ha of catchment management activities.
31 March 2023

Delivery partners to deliver a further 3,000 ha of catchment management activities.
31 March 2024

Delivery partners to deliver a further 4,000 ha of catchment management activities.
31 March 2025

River Dart & Tavy Inland Bathing Water Pilot

In recognition of the significant value of our rivers and inland waters to communities across the region, as part of our Green Recovery Programme, South West Water are undertaking a £3.9m, three-year Pilot Project on the Rivers Dart and Tavy.

The Project, which began in 2022, aims to increase our understanding of the water quality of these two iconic rivers, looking at the interactions of South West Water assets along with farming, industrial and commercial discharges and land run-off, which will help us to target investment on our own impacts and to support changes in agricultural land use where an impact becomes clear.

Building on our significant coastal experience the pilot is helping us to understand the different challenges we face, and to develop a robust 'Green First' framework.

We have formed close collaboration with specialists from local delivery partners, such as Westcountry Rivers Trust), the South Devon Catchment Partnership Stakeholder Group (University of Plymouth, University of Exeter and CEFAS), and sharing knowledge with those delivering studies for the UK's first designated inland bathing water on the River Wharfe at Ilkley in Yorkshire, establishing South West Water as a key contributor to the newly forming Catchment Monitoring Strategies.

This has secured stakeholder buy-in to our investment plans and paved the way for our collaborative piloting of the 'Green First' framework by increasing their ambition to work with us to influence the design and implementation of green/nature-based solutions.

Awareness and engagement with initiatives focused on beaches and coastal bathing waters, such as WaterFit Live, 'Your Beach, Your Say' and our ongoing community engagement programme, are continuing to grow significantly among our stakeholders across the region.

Our progress so far

The first year of bathing season sampling across the Dart and Tavy catchments has been completed, with the monitoring programme extended in certain locations throughout the winter. From summer 2023, we have been using a state-of-the-art genetic monitoring technique called 'Microbial Source Tracking' to determine which types of animals are contributing microbial pollution to the river water, with prioritised asset investment facilitating our piloting of the SWW 'Green First' approach.

To 2025 and beyond

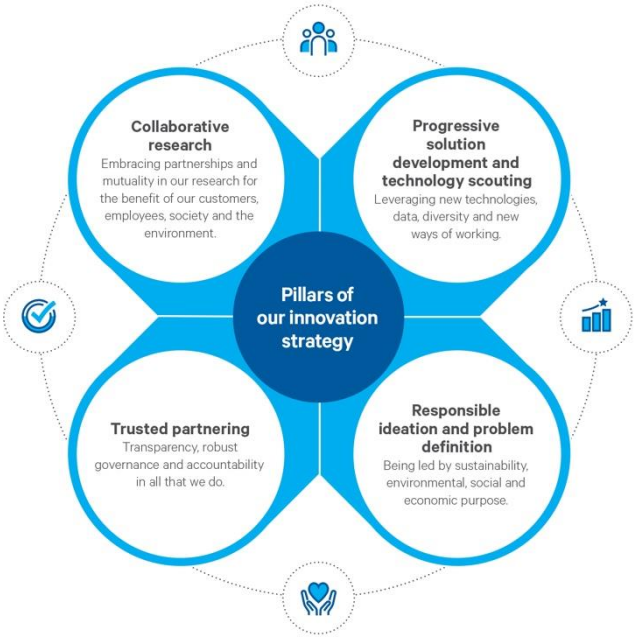
The project team is now using the data collected to co-design with stakeholders to develop our capabilities in the integrated use of nature-based and traditional engineered solutions to reduce storm overflow spills to the level required near bathing waters.

Using the data and evidence gathered during the Pilot, we have been able to prioritise several assets for early interventions and have committed to delivering improvements to the four storm overflows on the Bidwell Brook before March 2025. In addition, investigations are also underway for two storm overflows in Totnes and assets associated with Totnes Wastewater Treatment Works (WwTWs) are included in the WaterFit scheme (delivery over the next 2 years), for which investigations and interventions are beginning now.

Innovation

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

With 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 s 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.



The Centre for Resilience in Environment, Water and Waste – CREWW is both a collaborative research centre and programme of activity set over a 25-year partnership term with the University of Exeter, which will see more than £10.4m of funding from South West Water. The centre and the accompanying research programme are designed to solve some of the most pressing global environmental challenges of our time, conducting world-leading research into the provision of safe and resilient water services in the UK and overseas.

The Joint Venture agreement was signed between the University of Exeter and South West Water in November 2021, employing innovation methods such as design sprints and other collaborative initiatives, researchers and colleagues have been busy pinpointing areas of interest for further investigation.

The CREWW research centre will be operational from Autumn 2023 focussing on the following 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

The 'Infiltration Risk Map' for Sewer Network was the first project generated by the CREWW in June 2022. It generated a risk map of a pilot catchment (Sidmouth, Devon) and rates areas most prone to ground water infiltration and by cross referencing this map with areas of high CSO spills and pollution events it contributes to a reduction in these events.

The first purpose-built microplastics research lab to be built in the UK, when opened in Winter 2023 will deliver four projects:

- Mapping of microplastics in WWTW inputs and outputs and life cycle analysis
- Characterisation of microplastics in sludge – treatment options, methodologies, and best practice
- Exploring thresholds of microplastics for application of sludge to soil ecosystems
- Interventions/impacts – to reduce source contamination, economic, physical, and behavioural.

Innovation for Water Quality

Ensuring customers that our river and bathing water quality is essential to improve confidence in our operations.

Ceramic Membrane – The first of its kind in the UK, our innovative Mayflower Drinking Water Treatment Works in Plymouth entered operation on 2020 and since then we have continued to make improvements across our region, including the completion of new GAC15 filters at College water treatment works in Cornwall, and UV16 treatment processes at other locations.

We continue to target further improvements through our planned K7 investment in new treatment works with two significant new water treatment works at Alderney, near Bournemouth and Knapp Mill, near Christchurch, to serve the majority of customers in the Bournemouth Water area. These new water treatment works will feature state-of the-art technology, utilising our experience in building the Mayflower Water Treatment works. Both schemes are currently on track for completion in line with business plan commitments.

Lead lining trials – In 2022, we undertook a trial to line lead pipes with ePIPE resin lining to tackle the more complex jobs.

The trial, conducted in two locations in Devon and Cornwall, has determined there are clear opportunities to improve water quality, maximising our efficiency by completing the works street by street.

Engagement with location residents is ongoing, with works beginning later in 2023.

We are also working with CREWW on 3 Lead related projects which are currently in development phase:

- Technology
- customer Behaviour and
- machine learning.

Leak Detection Technology – During 2021/22 we further increased our use of technology for leak detection, with the use of satellites and drones. Using SAR (Synthetic Aperture Radar) imaging – taken from satellite mounted sensor, drinking water is detected by looking for the spectral signature typical to drinking water. The result is a leakage graphic report overlaid on a map with streets and pipe information, enabling points of interest for further leak detection, with the ability to cover large areas quickly.

Leak Detection – In 2023 we ran a trial to use highly trained dogs to help find water leaks in hard to navigate rural areas, having seen positive benefits elsewhere.

Working in partnership with specialist dog trainers, Cape SPC, we trialled this innovative approach to leak detection, using two springer spaniels to search 42 kilometres of hard to navigate rural land over five days. As Denzel and Kilo are trained to detect the small traces of naturally occurring chlorine in treated drinking water, they are not only able to cover large areas of tough terrain quicker than people are able to, but they also bring the ability to differentiate between rainwater and water from leaks. This makes them even more valuable when the weather is wet, and conditions are more difficult for people to navigate.

Innovation in our Operations

Rapid-Bacti – There is a clear need to ascertain potential bacterial impacts quickly, and with current laboratory analysis taking at least 16 hours to return results, we are working with a local company in Brixham, Devon who have developed a rapid testing method. This will enable levels of bacteria to be assessed within the environment by our skilled field staff, providing reliable results within approximately 20 minutes.

This rapid testing approach has been shared with the Environment Agency and we are looking to work in collaboration with them and beach managers to develop the method and gain confidence to allow this method to support initial environmental risk appraisal and quantification.

Bench top pilots were conducted during winter 2022, with field pilots throughout summer 2023. It is hoped this will be extended over the winter of 2023 to include additional testing at several designated bathing waters, ahead of embedding this as part of our operational tool set for the 2024 bathing water season.

We are proud to support our regional economy by being the first water company to work with a local company on Rapid-Bacti analysis, an area which is gaining interest across the industry.

Network Training Centre – In 2022, we opened a state-of-the-art Network Training Centre (NTC) in Exeter which incorporates a fully functioning mini-version of a pressurised water network including pipes, pumps and fittings found in a typical water supply system. This enables the training of our staff on how to operate these assets in the real world, in a calm, controlled way that prevents them inadvertently causing damage or failings through inappropriate or unintentional actions. The facility has also been used by other companies.

Meniscus – Our rainfall prediction and CSO (combined storm overflows) pollution prevention tool for wastewater, the Meniscus platform successfully predicted the performance of our wastewater network in controlling pollution events during early trials. Seven significant pollution events have been prevented since the trial began in August 2021. We are now in the latter stages of scaling up and planning wider deployment in our effort to predict storm events more accurately and prevent Combined Sewer Overflows (CSOs) and outfalls flooding within the hydraulic network.

Ovarro – Our proactive rising main replacement through our WaterFit investment commitments will reduce the risk of pollutions. Through our commitment to using innovative solutions, we will be extending our award-winning Artificial Intelligence (AI) CCTV sewer initiative and deploying Ovarro across the region, enabling us to intelligently and proactively manage our assets to ensure reliability.

Reducing the impacts of supply interruptions

Working with an external partners to deliver innovations an innovative a ‘tethered bag’ isolation solution for larger diameter and /or higher pressure mains.

This project includes development of an insertable ‘pipe stent’ solution to enable restoration of flow whilst a permanent repair is planned and executed on the damaged water main.

I-Phyc – South West Water is also trialling the use of I-Phyc’s algae-based treatment to sustainably remove phosphorus and micro-pollutants from sewerage. This nature-based approach is beneficial to the environment whilst reducing costs to operate with lower power and chemical consumption required. These ongoing trials have already improved our understanding of how natural systems can clean our waste.

Innovation for Customers

Stop the drop – We launched a first of its kind innovative customer incentive scheme in November 2022 when we asked everyone in Cornwall to come together to help Stop The Drop in reservoir levels. We provided an incentive offering a £30 off bills if Colliford Reservoir reached 30% storage capacity by 31 December 2022, from a starting point of 15%. The campaign showed that customers reduced their household consumption by an average of 5% during the campaign.

Customer Service heroes at the Royal Cornwall Show, Summer 2022

Resource West pilot – Customer utilities savings Resource West has conducted a pilot with National Grid, Wales & West Utilities and the University of the West of England, supporting customers to save money, energy and water by combining water efficiency and energy efficiency messaging and support.

Working with local partners to deliver a joined-up approach to resource efficiency across different sectors. The aim of this programme is to work with local partners to deliver a joined-up approach to reducing consumption across different sectors – combining resources and amplifying messages to customers. By doing so, we will be encouraging reductions in public consumption of resources and increased local resilience. Our focus will be on preserving and enhancing natural capital and linking into a circular economy approach.

A pilot project achieved 4% gas usage reduction, 15% electricity reduction and 8% water use reduction.

Innovation – safeguarding the future

Over the past two years the world has changed. While we are delivering our plans and making positive progress, we have looked at new ways of delivering for our customers, communities, and the environment – to ensure we safeguard our most precious resource.

Desalination

2022 was exceptional – we experienced some of the hottest, driest, weather on record – a consequence of climate change. A combination of a lack of rain, extreme heat, with high levels of soil moisture, and increased demand because of population growth, the pressure on one of our five strategic reservoirs. Colliford saw the introduction of water restrictions for Cornwall, our first in 26 years, later followed with restrictions in North Devon, served by the Roadford reservoir. While we worked tirelessly to restore our storage levels to ensure no customer was without water and protect our rivers health – we have to tackle our water resource challenge another way.

We have been able to deploy innovative solutions, using tried and tested models elsewhere in our region. Using our learnings from the Isles of Scilly's successful use of desalination, this is now an important component of our future water resource strategy, and we are well into progressing plans.

Key deliverables being:

- c.60Ml/d abstraction of sea water on the coastline – Par Bay
- Modular, scalable, permanent desalination plant adjacent to Par Docks
- Delivered through two phases yielding 20Ml/d in total. A 3rd phase will deliver and additional 10Mld
- Modular solution provides ability to scale up further
- Remineralised water transferred via buried pipeline of c.13km from Par directly to Restormel water treatment works (via a nature based environmental buffer near Restormel)
- 40Ml/d discharged safely back to Par Bay
- Undertaking additional research and discussion on the following: − Reuse of Brine (lithium/ salt) − Energy Recovery (hydro) − Energy Generation (wind / solar) – Carbon.

Repurposing quarries

Abstraction of water from Blackpool Pit, a water-filled claypit, near St Austell in Cornwall, to support the recharge of Colliford Reservoir Blackpool Pit represents a significant potential water resource with a maximum capacity of 12Ml/d over a seasonal abstraction (spring and summer).

Abstracted water from Blackpool Pit will be transferred via a new pipeline to join existing Restormel Water Treatment Works to Colliford Reservoir recharge pipeline. The proposed Blackpool Pit pipeline (21km in total) will comprise a combination of the following:

- New construction
- Rehabilitation of existing pipelines (slip lining)
- The use of existing operational infrastructure

In March 2022 we purchased Hawk's Tor Pit, a disused china clay pit located on Bodmin Moor in Cornwall. Located within a designated Area of Outstanding Natural Beauty including a Site of Special Scientific Interest – we conducted extensive environmental studies to mitigate any environmenal impacts from our abstraction.

This resulted in the need to avoid any land-based construction, therefore to enable abstraction two electrically driven submersible pumps were installed on a floating pontoon.

Par site – abstraction and discharge

Ofwat Innovation Fund

Our commitment to this initiative has seen the collaboration and development of many innovative solutions across the South West, addressing the evolving needs of the environment, our customers and the communities we serve.

The Ofwat Innovation Fund is now in its third year with several bidding rounds completed and projects awarded funding, across the water sector. We have enjoyed success in securing projects – leading a consortium across water companies and stakeholders for two of them.

South West Water and Bristol Leads:

- **Net Water Gain** – A project lead by South West Water and West Country Rivers Trust to develop the incentivisation and framework for encouraging farmers to create new ponds or "water batteries" on their land. These ponds passively contribute water to rivers and increase summer base flows will also dilute any residual pollution not managed through current agricultural water quality incentivisation schemes, provide additional flood protection and aquatic biodiversity benefits. This will increase water retention across the region and provide vital alternative irrigation options for farmers. The project comes with the added benefit of increasing biodiversity in the catchment as the ponds will be a wildlife haven for nature and aquatic fauna and flora species.
- **Flexible Local Supply Systems** – Awarded in the Bristol area, this project tests the potential for smaller water supply resources to be used, bringing competition and water efficiency potential to the business retail market. It was the Water Act in 2003 that set out the potential for the treatment and introduction of new water sources, through distribution networks, to supply business customers. Based on a potential pilot project at Didcot, we are working with Binnies, RWE, Castle Water and the University of the West of England to test how this theoretical water market can become a reality

South West Water – A Financial Partner:

- **AIOT –** Using dense sensor networks to predict and prevent sewer spills supporting our journey towards zero CSO spills. This three-year multi-million pounds research project will design an artificial intelligent "brain" to automatically compute the best sequence of controlling pumping and control gates to manage capacity in the wastewater network. Using near real-time data will not only predict flood events but take actions to control flows, reduce pollution events, reduce overall energy consumption and help plan improvements.
- **Biopolymers in circular economy** – This project will explore potential opportunities to recover bio-polymers from a number of wastewater derived sources including primary, secondary and digested sludge. The project will explore various technologies to extract the biopolymer, validate yields and explore potential applications including many household products, textiles, packaging, concrete binding and potentially cleaning agents and personal care. The carbon benefits are significant for replacing equivalent plastic based polymers. South West Water are joining United Utilities who are leading the project.
- **CastCo** – This initiative will develop a robust evidence base for tackling environmental challenges, support community engagement, and prepare a national framework to train citizen scientists.
- **Flexible Local water supply schemes pilot** – This will pilot the design of localised third-party water supply and treatment, seeking to overcome current market blockers. The project could deliver huge benefits for drought resistance and put more freedom into the hands of water retailers to incentivise business customers to save water.
- **Low-Temperature Anaerobic Treatment for Municipal Wastewater** – The development and trial of cold anaerobic wastewater treatment system for energy savings to recover and capture biogasses.
- **Reservoir water community monitoring for algal associated risk assessment** – This project will build on environmental DNA monitoring methodologies to detect algae in drinking water to improve its taste and smell.

- **Safe Smart Systems** – This three-year research project will build a prototype smart water system to predict, control and self-configure the clean water network to reduce supply interruptions, manage supply pressures, ensure water quality, reduce energy use and maintain continuous service for our customers. The project which started in January 2021, is currently researching the necessary elements to create the Artificial Intelligence decision engine and smart sensory technology needed to run a systemwide approach to network calming and will be delivered in 2025.
- **Sub seasonal forecasting** – The creation of a reliable weather impact modelling and forecasting system which will help water companies forecast weather events beyond 10-14 days, up to 4-6 weeks ahead.

South West Water – An observing partner:

- **Spring** – This initiative has been created to accelerate the water sector's transformation through innovation and collaboration. It will connect, integrate and augment existing excellence within and outside the water sector, making it easier for innovators, academia and the supply chain to navigate the industry.
- **Incentivisation Rainwater** – This project will support the rapid scale-up of community-level rainwater capture which will reduce uncontrolled discharges into the environment. This approach encourages the widespread adoption of rainwater capture at a grass roots level.
- **Faith in Water Toolkit** – This project seeks to engage with our faith and religious communities to look at developing alternative methods of reducing water use when using water for daily faith ablution practices. The project launched with partners in July 2023, and is entering its academic research phase of the projects, where leading academics will investigate how water is valued in different faiths and cultures and highlight potential opportunity areas for water saving.
- **Mainstream Nature Based Solutions** – This initiative aims to create and deliver a national programme of work focussing on Nature Based Solutions (NBS) by creating national strategic steer and coordination, streamlining regulations and permitting, developing financial markets for leveraging on nature benefits and standardising the water sector and other adjacent sector approaches to NBS.
- **Net Zero Hub** – This ground-breaking, innovative project will create a Net Zero Hub for the water sector. The Hub will test and trial technologies to reduce, remove and avoid carbon from the waste water treatment process. The results will provide a clear view of the costs and benefits of the sector achieving Net Zero by 2030. The project is supported by UK and Irish water companies plus international support from Melbourne Water in Australia and Aarhusvand Water from Denmark who will run complimentary trials in their countries. The trials will look to capture and destroy Nitrous Oxide, recover heat, CO2, methane. ammonia and cellulose and also test carbon capture through pyrolysis of screenings. The trials will deliver their findings by 2024.

Open Data

From population growth to extreme weather events and ageing infrastructure, the challenges are many. One theme which continuously emerges across initiatives: innovation within the water industry is constrained by the breadth, depth, and quality of existing data.

Stream

Recognising this challenge, in 2020 Northumbrian Water commissioned Sia Partners (a consultancy with expertise in defining Open Data frameworks in the Defense sector). The ongoing initiative came to be known as 'Stream' – a term that reflects the seamless convergence of data and water.

South West Water has been a collaborator for Stream since early 2021, to build an Open Data platform for the water industry. Our activities to support Stream today have included the following:

- 2022: we prepared and submitted a submission to the Ofwat Innovation Fund for Phase 1 (Successful)
- 2022: Creation of Blueprint for the design and execution of an Open Data platform.
- 2023: Bid Preparation and submission to the Ofwat Innovation Fund for Phase 2 (Successful)
- 2023: Design of MVP platform
- 2023: Use case identification and Prioritisation
- 2023: Preparation for Procurement Tender process
- 2023: Preparation of 4 Sample data sets for the MVP

Over the coming 12 months we will continue to engage with Stream and to develop our Open Data strategy, working with our customers, stakeholders, regulators, and peers to identify datasets to build trust through collaboration, innovation, and engagement.

Ofwat Open Data Guidance

In October 2021 Ofwat published guidance for *'H2Open – Open data in the water industry: a case for change'* asking water companies to demonstrate progress against each of the following as part of a holistic approach:

- a strong data culture and the development of capability and skills;
- improved collaboration on open data across the industry; and
- established data infrastructure.

Since 2021, South West Water has been developing it's Open Data Strategy with the following key activities completed:

- Our Stream activity ensures we are collaborating with companies and stakeholders, both in and out of the Water industry to ensure the delivery of open data and to provide expertise and share experiences.
- Through Stream, we are actively contributing to the industry-wide open data initiative to create an Open Data platform, and exploiting our experience with BeachLive and WaterFit Live with respect to our tested skills, infrastructure, and data governance practices.
- We are nearing the finalisation of our own Open Data strategy, identifying our four key enablers (Data, Process, People & Technology) along with understanding the opportunities and challenges this poses. By understanding these opportunities, we can ensure we shape our vision and strategic direction for Open Data within our organisation that helps us realise our outcomes.
- We have developed 'use cases' for Open Data in four key areas (Consumption, Environmental Impact, Discharges & Community Engagement). These highlight the focus for our business teams and how Open Data will enable this area of the business to benefit from the future state. These will determine the tactical activities that will contribute to our Open Data outcomes.

Our developing Open Data Strategy looks to achieve these 4 key steps:

1. Further develop our Open Data Strategy, including defining success criteria, enablers and high-level roadmap. We will publicise our strategic direction for Open Data
2. Finalise work to date, publicise and focus on the quick wins, including alignment with WaterFit Live and other similar initiatives (Pilots) and identifying opportunities within the current operational processes.
3. Embedding Open Data capabilities across business functions by designing the Operational Model to achieve Open Data, explore how to enhance our Data Strategy and identify pilot projects for Open Data to test our develop a deeper understanding of the benefits building on our roadmap to realise these over the long term.
4. Building technical foundations e.g., phase 3 of WaterFit Live includes a real-time replication of our telemetry data, making significant investment in Customer Experience platform over the next 2 years to support real-time billing, service information and personalisation.

National Underground Asset Register (NUAR)

Accidental utility strikes cost the UK economy an estimated £2.4 billion a year. Once operational, NUAR is expected to deliver around £350 million per year in benefits by avoiding accidental asset strikes, improving the efficiency of works and enabling better data sharing.

The Geospatial Commission is building a digital map of underground assets that will revolutionise construction and development in the UK – the National Underground Asset Register.

We are engaged with national programme and are preparing our data to be added to the portal when requested.

Priority Services Data Sharing: Safe and secure sharing of data across utilities reduces this burden and offers the opportunity for companies to offer seamless priority support.

On the 1 April 2023, we joined other members of the water and energy industries and launched a two-way data sharing arrangement with the two principal energy network operators. This is an important first step in achieving the Ofwat vision of joined up vulnerability data across the water and energy sectors and beyond.

Open Data – WaterFit Live

The increased public scrutiny around Storm Overflow discharges, alongside the increased monitoring requirements of the Environment Act has initiated work to publish Storm overflow activation data.

- **Phase 1** – in early 2023 we published of our own regional map of the South West showing the potential impact to beaches of storm overflow discharges in near real-time. This took the data that we already share externally with local groups i.e. Surfers Against Sewerage, and presented this in a public facing map alongside contextual information.

  We also included future remediation plans to give viewers a rich picture of what's happening now as well as for the future. To give further confidence in the data, a series of data quality improvement initiatives were undertaken, i.e., that the sensors were accurately recording Storm Overflow activations, ensuring the data accuracy and completeness.
- **Phase 2** – in April 2023 we added the ability to see 'last discharge' information for the individual overflows relating to the beaches – information that had not previously been available to the public.
- **Phase 3 –** By the end of the 2023, we will provide information on all storm overflows alongside more information on all storm overflow action plans (SOAP).

We have seen this particularly with communities in Exmouth and Sidmouth, where information sourced through WaterFit Live is driving and informing discussion and debate with the community, enabling us both to clearly understand local priorities and challenges and to gain insight into how the platform is delivering for those it has been created for.

Feedback received from customers and communities about the function and scope of WaterFit Live, the information we provide and the format we provide it

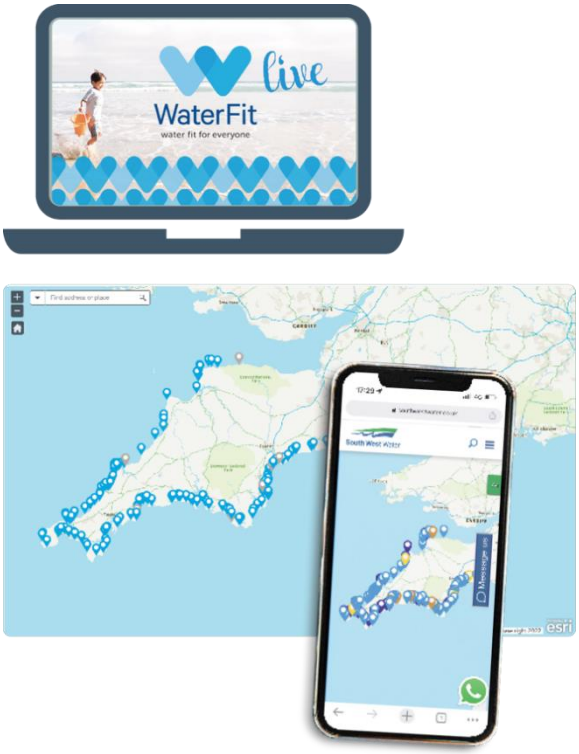
in, continues to loop back into the WaterFit Live steering group, so that the platform continues to be as useful and valuable as it can be for those using it.

Our aspiration and commitment over the next two years is for WaterFit Live to become the single, go-to resource for customers and communities seeking information about storm overflows in their local water environment.

Collaboration & Engagement

WaterFit Live has created an additional arm for our community engagement work, by both providing community stakeholders with data with which they can build a more informed and current understanding of their local water environment and by creating an alternative route into the business for valuable community and customer feedback around our performance and planned investment at local beaches.

Through Your Beach, Your Say, Our Investment, community and environment groups and local councils have a been invited to talk to us about the beaches that they know and care about. This is enabling them to tell us what and where their priorities for investment are, giving us both useful insights to inform our decision making, as well as creating opportunities for richer conversations and deeper relationships.



WaterFit Live – Your voice

Communities and customers value having access to near real-time data that tells them when one of our storm overflows is active.

It is anticipated that by sharing the near real time data for every one of our storm overflows, year-round, we will see community and customer engagement grow significantly.

As an environmental charity that protects and restores our rivers across the South West, Westcountry Rivers Trust fully support South West Water's move towards greater transparency about the operation of sewage assets. We already collect a lot of data on the health of our rivers through our Citizen Science Investigation campaign but without data on the sources of potential pollution it is hard to show the cause, whether it be sewage, agriculture or other industries. ***Dr Laurence Couldrick, CEO of Westcountry Rivers Trust***

"Everyone, locals and visitors expect to be well informed, especially now we live in a digital world so that we can make our own decisions. Therefore the increased transparency created through WaterFit Live is welcomed, it will invite discussions based on fact, not rumours" ***Malcolm Bell, interim Chair , Visit Cornwall***

Cornwall Council is pleased to support the launch of South West Water's WaterFit Live initiative which demonstrates a greater transparency with the sharing of information about storm overflows. We encourage their commitment to make more information available for the public to understand storm overflows, why they exist and how they link in with bathing water quality on our beaches; together with sharing their plans for investment going forward to reduce the number of releases from their overflows. We look forward to continuing to work with South West Water to help them develop this initiative which we hope will become a one stop shop where we can direct people to learn more about their local beaches and water quality. ***Bryan Skinner, Head of Transport, Environment and Maritime Infrastructure, Cornwall Council***

'Now more than ever, people are asking for information about their beaches and rivers so that they can make decisions about when to go in the water. That extends from information about rips currents and tides, to information about water quality. The RNLI welcome any move towards improving both water quality and transparency around what's happening at our beaches and are pleased that South West Water are taking steps towards this through their WaterFit Live initiative/programme.' ***Steve Instance, RNLI Water Safety Lead***

Management of extraordinary events and incidents

2022/23 was dominated by the weather, with some of the hottest, driest weather on record seen over the summer months, followed by rapid periods of extreme low temperatures over the winter months.

Our management of these events was critical.

The Drought

In 2022 our water supply systems were faced with an extraordinary drought: a challenging combination of dry weather and low river flows, record high temperatures that drove a record demand for water supplies and a record level of supply releases. The combination of pressures created an event beyond the regulatory planning design requirement of 1 in 200-year resilience.

During 2020/21 and 2021/22 the impact of the pandemic was clear to see with the number of tourists visiting the region increasing through both non-household commercial businesses (when hotels and establishments were allowed to open) and in private houses increasing but also during lock-down periods the use of second homes and individuals relocating to the region.

Then, in 2022 saw some of the hottest, driest, weather on record because of climate change. A combination of a lack of rain, extreme heat 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. Our strategic response meant we didn't enter drought level 3.

We were fleet of foot when in our response to managing our water resources and, through continued regulatory and customer engagement, are committed to improving our water resource planning – now and for the long-term.

Our Innovative ‘Save Every Drop’ campaign targeted driving consumer behavioural change through education and support to reduce water consumption. The campaign targeted key audiences including customers, consumers, tourists, and businesses, and is still an active campaign today. In November 2022, South West Water launched a pioneering incentive scheme to help reservoir levels recover, as part of building longer term resilience. ‘Stop the Drop’ offered a financial incentive to customers in the Cornwall region to encourage them to reduce consumption. If Colliford reservoir, serving the majority of Cornwall, recovered to 30% capacity by 31 December 2022, customers in this region received a £30 rebate on their bill.

Throughout this exceptional time, our regulators have played an important role in helping implement interventions in response to the climate change we are all experiencing, as well as providing complete transparency of our plans and progress has been essential. Whilst the situation in 2022 was extraordinary, our openness and willingness to share potential risks and issues in one part of our region, should been seen for what it was, and what it continues to be, a responsible business, doing what’s right, in engaging with stakeholders.

We are not being complacent as we look forward for the rest of the year to 2024 and beyond. We have repositioned our 25-year water resources management and drought plan to incorporate our 2022 learnings. Our acquisition of Bristol Water, driven by synergies and strategic water resources benefits, and our active progression of the need for the Cheddar 2 reservoir, brings benefits to all of the wider south west region, including the Wessex region.

In line with our water resource plans, we have a strong focus on maintaining resilient systems by reducing the demand for water through water efficiency messaging and campaigns, reducing water lost through leaks, and bringing in additional supply options where it is considered there is an ongoing risk to supplies otherwise. And whilst there has been much media and public attention around the lack of new reservoirs sources across the nation, we have in the last 15 years acquired three new reservoirs, recognising their strategic value to the business and the communities we serve, including our most recent purchase in early 2022.

South West Water is investing over £125 million in water resilience, including accelerating initiatives to secure supplies across Cornwall. This includes investment at our new Hawks Tor reservoir, purchased earlier in 2022, alongside work at three other water sources in Cornwall including re-purposing ex-quarries, and progressing de-salination solutions. We are also pursuing a new reservoir in the Bristol region – Cheddar 2 in our PR24 plans which forms part of our longer-term strategy.

Our ambition is to ensure that by 31 March 2024 Colliford and Roadford strategic storages both reach 90% storage mitigating the risk of either dropping into Drought Level 3 during 2024 and therefore that we can break the "drought cycle".

In early January 2023 we transformed from an "incident" mode of operation to a "project" mode of operation in relation to drought and resilience. This coincided with the establishment of our Group Drought and Resilience Programme, which importantly, addresses supply side, demand side and Business Continuity.

We are seeing the benefit of our actions with all strategic reservoirs at levels ahead of last 2022.

For more information see
Water quality and resilience

Management of Freeze/Thaw

2022/23 was also a year where in addition to drought, we saw some of the worst storms, with freezing temperatures, rapid thawing, and flooding. It is clear that the impact of climate change is here now, and we all need to play our part in protecting precious resources.

In mid-December 2022, much of the country, including the South West, experienced below freezing temperatures for several consecutive nights with a Met Office 'Yellow' weather warning between 6 and 14 December 2022. This was followed by a rapid rise in temperatures. This type of event is known as a freeze-thaw, often resulting in burst pipes causing leaks, damage to property and interruptions to supply.

The December 2022 freeze-thaw was severe. Across the south west there was a greater and more rapid temperature swing experienced than in the 2018 'Beast from the East'. Ofwat wrote to all companies on 16 January 2023 requesting details of the impact of the freeze-thaw event to understand how well our assets performed; whether companies demonstrated resilience and whether companies were able to support our customers appropriately.

The effects of the event were experienced differently across Devon and Cornwall, Bournemouth, and Bristol. Overall, the key outcomes of our 2022 response are:

- Despite the pressures, we managed these impacts well.
- Customer communications and keeping customers up to date was a priority throughout.
- We have undertaken post event customer research to confirm our understanding of how well we performed.

In 2018, the Ofwat review identified that we could have been more targeted with some customer communications. As a result, we put in place a new proactive customer communication approach. In December 2022 we were prepared and proactively contacted customers by text and voicebursts.

Despite the quicker thaw with a greater change in temperature in 2022, fewer customers experienced supply interruptions than 2018 – circa one eighth of the impacts. Supply interruptions were particularly localised within North and East Devon, with minimal impact in Cornwall, Bournemouth and Bristol.

We operate winter readiness plans annually. As part of these, and because of the enhanced management focus on leakage we had a number of actions already underway that supported the preparation for the freeze-thaw.

The December Freeze Thaw was a serious resilience event. In the Bournemouth region this was especially so, as it also resulted in significant turbidity in the rivers that could have presented considerable water quality risks. Overall, both weather-related risks were managed.

Relative to the Beast from the East, the weather was very similar in terms of the severity of the temperature changes, which causes pipes to burst. But due to the learnings from that event and other resilience events, we were able to ensure much less customer impacts than in 2018 – around one eighth of the impact.

But there were still customer impacts and in some hard-hit areas – we know some customers were affected for a long time.

Each of these rare resilience events does provide an opportunity to understand more about how our people, processes, systems and assets combined to deliver service for our customers and communities. We will use this event to learn and improve further.

The recommendations from the 2022 Freeze Thaw – from our review, that of our regulators and other companies – will be fully considered, acted upon and communicated openly. This will include our Watershare+ Customer Advisory Panel, which has a key role in representing the voice of the customer and scrutinising our performance and testing our plans.

Resilience action plans

Since 2020, we have demonstrated that resilience forms a core part of our activities. Our performance reflects the importance we place to ensure resilient services for our customers, stakeholders, and protecting the environment.

Our increased number of 'resilience related' ODIs recognises our services as being broader than just extreme conditions, and reflects priority areas addressing long-term risk, our ability to protect and recover our processes as well as limiting impacts to customers. Progress has been made against all PCs since 2020.

The extreme weather events we have experienced in recent years have been tests of our organisational resilience – both operational and financial. Our holistic assessment of risk, horizon scanning to predict unforeseen events, and having the systems and controls in place to respond is the fundamental core of our business.

Our awareness of complex interactions and adapting decision making procedures is at the heart of systems thinking, which we have already applied to many of our procedures and resilience initiatives, such as through the Social Contract, our Water Resource Management Plan (WRMP) and our Upstream Thinking catchment management as an example of systems thinking approach to mitigating climate change risk and potential impact (Flooding and Raw Water Quality).

We want to ensure we continue to deliver world class drinking water, boosting water resources and resilience across the greater South West for the longer term.

We also plan to reflect the unique needs of our region, and our 860 miles of coastline, building on our expertise in biodiversity, catchment management and Net Zero capabilities. And, with a focus on ensuring our plans are affordable, we will explore a suite of charging options and tariffs, reflecting our customer demographics, as well as continuing to evolve our affordability toolkit, protecting the most vulnerable and eradicating water poverty.

Asset Management Maturity Assessment

In 2021, our Asset Management Maturity Assessment (AMMA) outlined the maturity of our asset management capability, highlighting areas of best practice.

Our AMMA was positively received, noting our systematic and consistent approach to valuation across all asset groups, incorporating a wide variety of elements (social, environmental, statutory), and using methods to include customer views and preferences in our valuation, deployed within well-established decision support tools and processes.

Examples of where we have demonstrated good practice are:

- Use of board or executive user groups to perform 'deep dives' into selected risk topics including asset health and resilience key issues.
- Integrated planning through resilience plans, DWMP, WRMP and Water supply management plans (WSMPs).
- Future trend monitoring ('Our Vision 2050') as well as quantitative resilience modelling.
- Use of a decision-making framework that includes uncertainty and confidence against each service impact category.

We know our strategic asset management is established and robust. However, we recognise our focus needs to be on improving the line of sight between our strategic and tactical asset management practices, which will be achieved through an Asset Management Transformation programme which started in 2023.

Strategic Asset Management Plan

In April 2022 we achieved ISO55001 compliance. The design and alignment with the organisation's strategic objectives are key to enhancing system wide organisational resilience. We produced our Strategic Asset Management Plan (SAMP), as defined in ISO5501, providing a reference point for senior management, asset management practitioners and key stakeholders in communicating strategy for improving the value delivered by assets.

Asset Mangement Transformation

Following the acquisition of Bristol Water, in 2023 we are undertaking an Asset Transformation Project with a clear aim of enhancing our Asset Management function under a single umbrella, bringing together the best of the best by April 2025.

Our Asset Management Transformation programme will build on existing frameworks, enhance our approach to managing our assets, which ensures a clear line of sight between the factors that influence our systems and the outcomes we aim to deliver to our customers and the environment. This will be delivered in line with best practice procedures as outlined in ISO55001, and supported and assured by our corporate governance framework.

Focus on Cyber Security

Cyber security and cyber resilience formed a core part of the PR19 resilience approach alongside other risks such as coastal flooding and climate change.

We have a mature Security Strategy which incorporates two discrete systems, one for corporate IT infrastructure and the other for operational control and monitoring systems that deliver water and wastewater services.

Our Security Strategy was founded on ISO27001 / NCSC best practice, and we have maintained our ISO certification for the past 13years. Our plans are driving NIS sector compliance by March 2024 (a year ahead of the original DWI NIS target).

Our 'Defence in depth' approach focuses on prevention through a combination of both technical controls (e.g., penetration tests, firewalls, data encryption, vulnerability scanning etc) as well as skills training through our Cyber Security Awareness programme which includes phishing simulations, computer-based training, specific training on GDPR which has been ongoing since 2018.

We have established monitoring and security assurance programmes, as well as close ongoing engagement with government bodies including DWI, NCSC and CISP (Cyber Security Information Sharing Partnership) – a joint industry government initiative to share cyber threat and vulnerability information.

Following the integration with Bristol Water we have undertaken a review of our controls during 2023 and will continue to keep pace with emerging threats to protect customer data and maintain a stable services across the entire estate.

Integrating resilience into PR24 and beyond

Long term Delivery Strategy (LTDS) – Our LTDS is a key instrument to deliver long-term, sustainable service improvement and to meet our 2050 targets. The LTDS covers a range of resilience needs including supply, drought and climate resilience as well as future risk allowing for uncertainty through different pathways with different levels of resilience.

Water Resource Management Plan – Our draft 2024 Water Resource Management Plan (dWRMP) sets out how we plan to manage supply and demand for the next 25 years. It examines strategic issues that affect available water and demand and details the intended approach to maintain the balance between water supply and demand to ensure customers receive a continued reliable supply. The next iteration of the draft plan will be published in October 2023 for a further round of public and stakeholder consultation.

Drainage and Wastewater Management Plan – Our DWMP was developed in collaboration with a broad range of stakeholders and aims to improve the resilience of catchment wide wastewater and drainage systems. Whilst focus is rightly on the legacy of storm overflows, we need to be resilient to the challenges of population growth, climate change and urban creep to ensure that customers and the environment are protected from flooding, and that tourism is supported. Our plan builds on the use of nature-based solutions to drive down the carbon impact of the programmes and interventions needed. [LINK TO DWRMP]

We have also been working with one of our key partners and stakeholders, the Canal & Rivers Trust, to update their emergency plan for loss of water supply via the Gloucester & Sharpness Canal with a series of tests against theoretical scenarios to confirm our ability to respond.

ESG CAPITALS

We take our responsibilities to ensure the environmental, social and economic wellbeing of the Great South West region with the utmost importance, which is why everything we do is underpinned by our ESG approach. We take pride in measuring ourselves against national and international benchmarks of responsible business practice, and ensure we stay in touch with issues on both a local and a global scale.

Reflecting the unique needs of our region, and in particular, our 860 miles of coastline, we have built on our expertise in biodiversity, catchment management and Net Zero capabilities. With a continued focus on ensuring our plans are affordable, and reflecting our customer demographics, we will continue to evolve our affordability toolkit, protecting the most vulnerable and eradicating water poverty.

Our activities are underpinned by a strong governance framework that upholds our core values within the organisation and throughout our supply chain.

What matters most to our stakeholders

In 2021, we consulted more than 20 key stakeholders representing the customers and communities we serve, our people, our regulators, investors, lenders, and other regional interest groups. They told us which issues mattered most to them, allowing us to identify areas of highest importance to focus our future ESG targets. These findings were supplemented by desktop research, analysis of sector ESG best practice, and horizon scanning of issues likely to impact our sector in the coming years.

Our integrated approach to ESG

Everything we do links to a capital in some way, whether that is our freshwater stewardship (Natural capital), ensuring the wellbeing of our employees (Social & Human capital) or the governance we apply to how we run our business (Manufactured, Intellectual & Financial capital) – the development of our capitals framework is integral to better decision making for the future.

Our ESG capitals framework tracks a wide range of metrics to manage our capitals performance, and our materiality assessment has been fundamental in helping inform and update our future ESG targets. By taking all these factors into consideration will maximise our investment for the future, deliver more sustainable outcomes and make decisions based on what matters most.

Our Natural Capital – Environment

- Freshwater
- Land (including soils)
- Species
- Ecological communities
- Coasts
- Atmosphere
- Waste

Our Social & Human Capital – Social

- Colleagues
- Customers
- Communities

Our Manufactured, Intellectual & Financial Capital – Governance

- Supply chain
- Responsible business
- Stakeholders and partnerships
- Finance

Outcome Delivery Incentives (ODIs)

Overview

Following the licence merger of South West Water and Bristol Water in February 2023, we have sought to align our strategy, activities and approach to driving and reporting our performance.

This has included how we report our Outcome Delivery Incentives (ODIs), which apply to performance commitments.

Bristol Water had focused on three outcomes:

- Safe and reliable water supply
- Local community and environmental resilience
- Excellent customer experience.

We have reviewed these and aligned the Bristol performance commitments with the original eight South West Outcomes, which now form the basis for all regions. However, in line with Regulatory Reporting requirements to 2025, we are clearly reporting ODI performance separately across all performance commitments.

With stretching performance commitments, improved environmental outcomes, and a need to keep customer bills as low as possible, our plans also include record levels of investment to achieve our ambition of being a leading water company, delivering for our customers.

In 2021/22, Ofwat's water company performance report assessed South West Water as delivering in 7 out of 12 of the measures commonly used to compare performance across the industry, with our internal sewer flooding performance placing us 1st overall.

However, with five of the measures not on target, we were assessed as lagging for 2021/22. There are clearly important areas where we need to improve. In March 2023 we published our action plans to ensure we can confidently deliver on our commitments to customers and the environment.

Bristol was assessed in the same 2021/22 water company performance report as a leading company, improving from lagging in the prior year.

Bristol delivered on 6 out of the 8 measures commonly used to measure performance across the industry for water-only companies and we were categorised as being a top performer by Ofwat in both leakage and supply interruptions performance commitments.

As outlined in our 2022/23 Annual Performance Report, we are either on track or ahead for target for c.70% and c.65% of our ODIs from South West and Bristol respectively.

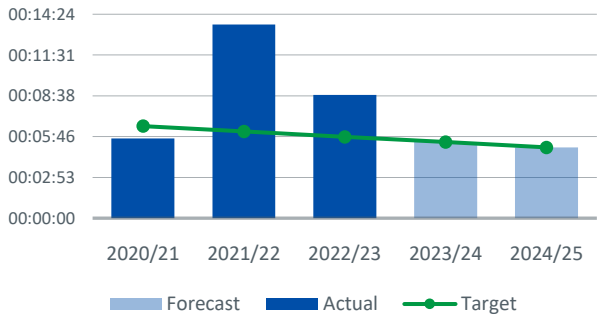
Clean, safe and reliable supply of drinking water

Providing an uninterrupted supply of fresh clean water that not only meets the highest water quality standards but is also free from unwanted taste, colour or odour.

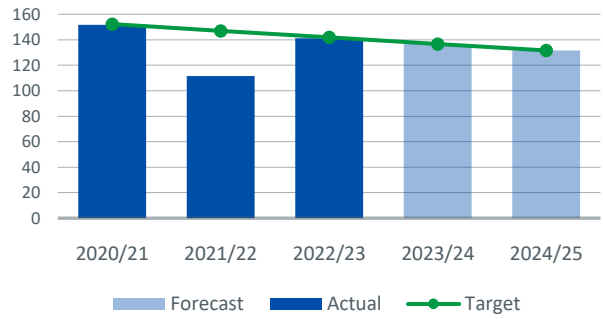
South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Water supply Interruptions	hh:mm:ss	00:05:38	00:13:40	00:08:42	00:05:23	00:05:00
Mains repairs	Number	151.8	111.4	141.1	136.6	131.6
Unplanned outage	%	1.0	1.0	0.7	1.2	1.2
Taste, smell and colour contacts	Number	1.7	1.6	1.5	1.6	1.3
Efficient delivery of the new Alderney WTW	Text	0.0	0.0	0.0	0.0	0.0
Water quality compliance (CRI)	Number	2.1	3.9	2.4	2.9	2.0
Efficient delivery of the new Knapp Mill WTW	Text	0.0	0.0	0.0	0.0	0.0

Water supply interruptions



Mains repairs



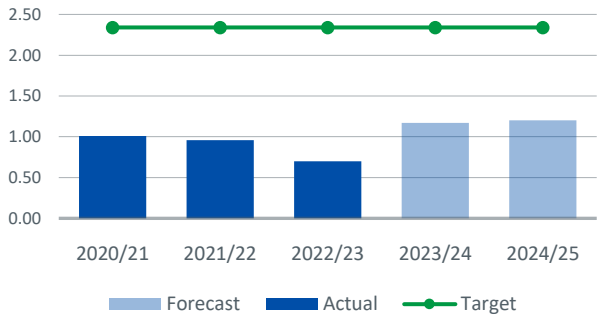
We know our customers rely on a continuous supply of high-quality drinking water. The importance of 'always on' supplies, maintaining both public health and customer confidence is one of our key priorities.

As a result of a number of significant trunk main bursts including the significant impact in 2021/22 of damage caused by a third-party to both our strategic and resilient spine mains supplying a large proportion of Cornwall. In addition, the extreme cold weather in winter 2022/23 across the country highlights the the impact on this measure. Outside of these events our performance continues to trend positively, utilising our established alternative water supplies actions to limit the impact of bursts on customers, with performance forecast to be on target by then end of the period.

Decreasing the number of mains failures is vital as it benefits our customers through fewer supply interruptions as well as reducing the necessity for repairs, which have the potential to be locally disruptive. We continue to invest in and optimise operability and control of our network by implementing pressure management and a 'calm network' strategy.

Performance across the period has consistently exceeded our commitments and we remain on track to deliver these to the end of 2024/25.

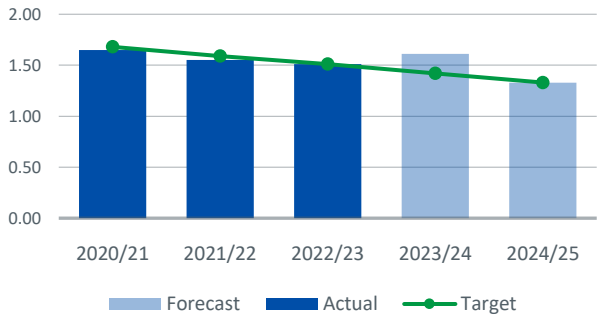
Unplanned outage



Water treatment unplanned outage is a means of assessing asset health (primarily for non-infrastructure – above ground assets) relating to water abstraction and water treatment activities. It tracks the temporary loss of production capacity across our water treatment works, resulting from unplanned breakdowns and asset failure.

Our performance over the first 3 years of the period has shown a trend of improvement in this area and is is forecast to remain well below our performance commitment to the end of the period.

Taste smell and colour contacts

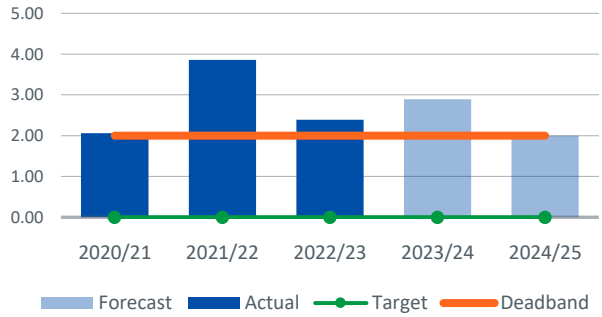


We are committed to reducing the number of water quality contacts made by our customers relating to taste, smell and colour contacts.

Our performance had been consistently improving in line with our targets, however as a result of the drought conditions in summer 2022 we limited our flushing activities in areas until restrictions were lifted which is impacting forecast performance in 2023/24. We are forcasting to hit our target on this performance commitment at the end of the period.

We are achieving this through a combination of short term mitigation, such as reducing discolouration contacts through flushing and conditioning of our network of pipes, and longer term enhancement schemes such as improvemed treatment to remove disolved metals.

Water quality compliance (CRI)



The compliance risk index (CRI) is a water quality performance metric defined by the Drinking Water Inspectorate to illustrate the risk of treated water compliance failures. CRI is reported for each calendar year.

The company's CRI performance improved significantly from 3.86 in 2021 to 2.39 in 2022. Whilst above the regulatory deadband of 2.00 (which is also the DWI target) and the performance commitment target of 0.00, this performance was significantly better than the average performance of the industry overall and confirms our drinking water is amongst the best in the UK.

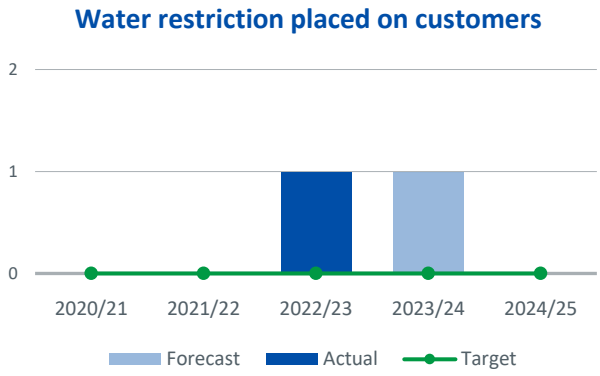
The Isles of Scilly is excluded from both our performance commitment and data provided to the DWI regarding our CRI score.

Available and sufficient resources

Preventing restrictions on water use and managing and delivering the region's supplies as efficiently as possible.

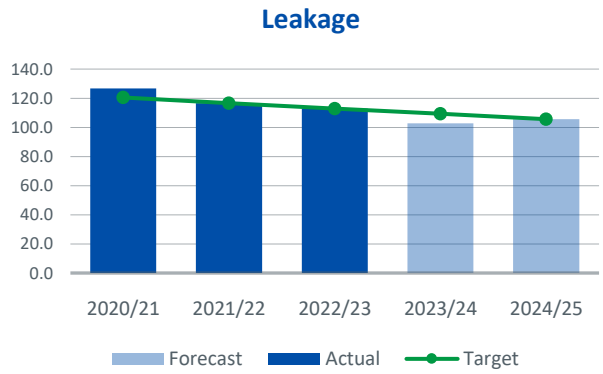
South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Water restriction placed on customers	Number	0	0	1	1	0
Leakage	Ml/d	126.8	116.7	112.9	102.8	105.6
Per Capita Consumption	Litres/person/day	144.9	142.1	144.9	148.2	149.0



During 2022/23, we introduced the first 'temporary use ban' (TUB) in the South West area for the first time in more than 25 years for households, prohibiting the use of hosepipes, including sprinklers, dripper hoses, automatic irrigation systems and similar devices, following some of the hottest, driest weather on record. This resulted in severe pressure upon water resources in our region and the TUB was introduced to protect them in Cornwal (our Colliford water resource zone).

Continuation of drought conditions and a TUB into 2023 has led to a forecast underperfomance on this commitment for 2023/24 with no restrictions expected to be in place by 2024/25.

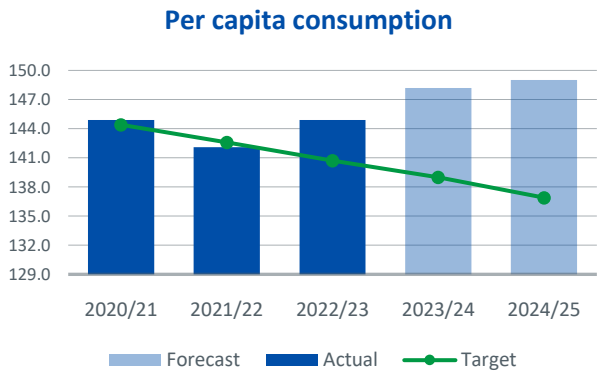


Leakage levels are an important element of managing water resources effectively and we have continued with extensive leakage reduction plans to support our target of delivering a 15% reduction by 2025 (on a rolling 3-year average).

Since these plans were instigated we have seen a demonstrable favourable improvement in our leakage performance and continue to invest in this area with significant additional expenditure (above base allowances) to drive improvements.

The teams supporting leakage control activity have increased in size, in addition to rolling out a completely free customer-side leak policy to much of the South West to support our ambition to find and fix more leaks than ever before.

As outlined in our 2022/23 Annual Performance Report, we are currently reviewing our historical leakage position and therefore this outturn position may be updated.



Across the water industry we have been impacted by the pandemic resulting in changes in how customers use water – increasing household consumption. In Devon & Cornwall we were impacted more significantly due to the impact of increased numbers of tourists in the region over this period. During the last year the South West experienced an extended summer period of hot, dry weather combined with less than expected rainfall through most of the year. To influence household demand and preserve water resources a number of actions were taken by the company such as the introduction of a temporary usage ban across regions of the South West Water operating area.

South West Water also proactively initiated an intense media campaign with messaging across the region promoting water efficiency and free water saving devices through the SaveWaterSaveMoney website and in the Colliford area Cenergist, a water efficiency contractor were engaged to carry out household audits which included fixing leaking taps and toilets, installing water saving devices and talking to customers about water use.

However, the underlying trend will remain higher than target driven by the pandemic - and whilst we recognise we have met the performance commitment, we are proposing no penalty is applied for this period.

Given we have yet to see a 'normal' post-covid year (with 2022/23 impacted by the hot and dry summer), we are working as part of an industry study to identify and assess the 'new' trend of PCC and also we are developing a study to understand the impact specifically in the South West where the increase in Airbnb’s, hot tubs and tourism are having an impact.

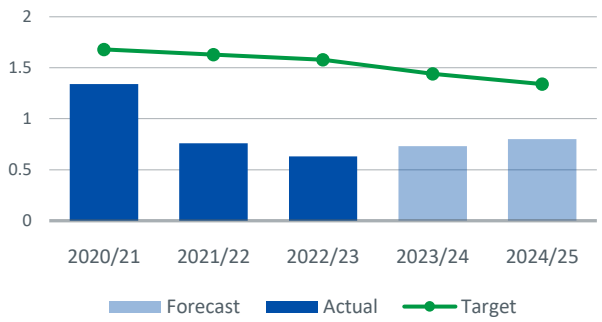
Reliable wastewater service

Ensuring our customers can rely on us to remove and dispose of wastewater safely and efficiently, and that the likelihood of sewer flooding on customers' property is minimised.

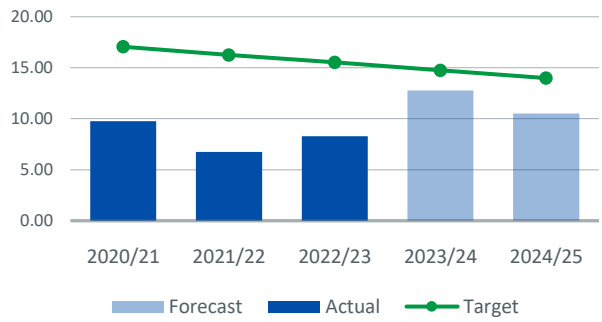
South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Internal sewer flooding	per 10,000 connections	1.3	0.8	0.6	0.7	0.8
Sewer collapses	per 1,000km of sewer	9.8	6.8	8.3	12.8	10.5
External sewer flooding	Number	1,499	1,407	1,816	1,260	1,123
Sewer blockages	Number	6,484	6,545	7,149	6,500	6,500
Odour contacts from wastewater treatment works	Number	219	155	154	200	196
Treatment works compliance	%	99.0	97.5	99.4	98.1	99.0
Total wastewater treatment works compliance	%	98.9	98.3	99.4	98.6	99.0
Descriptive works compliance	%	98.8	99.1	99.4	99.0	99.0
Compliance with sludge standard	%	98.4	100.0	99.1	99.7	100.0

Internal sewer flooding



Sewer collapses

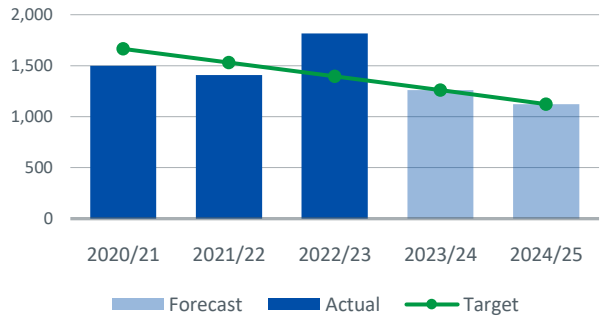


South West Water's internal sewer flooding performance improved again in 2022/23 and has been an area of significant outperformance against target across the first three years, placing us amongst the best performers in the industry, with this outperformance forecast to continue to the end of 2024/25.

We continue to investigate internal sewer floodings to determine the root cause and identify the interventions required to mitigate the risk of future repeats. Other key activities include the continuation of a programme to install 9,000 sewer depth monitors at key points within the network to alert us to potential issues, targeted fast-track repair interventions, enhanced programme of educational visits to commercial premises over sewer misuse (fats, oils and grease) and targeted programme of planned sewer cleansing to clear potential problems that could result in an internal sewer flooding.

We have continued our good performance against our targets on sewer collapses and despite a slight spike in 2022/23 driven by ground compression as a result of drought conditions, this continues to be an area of outperformance.

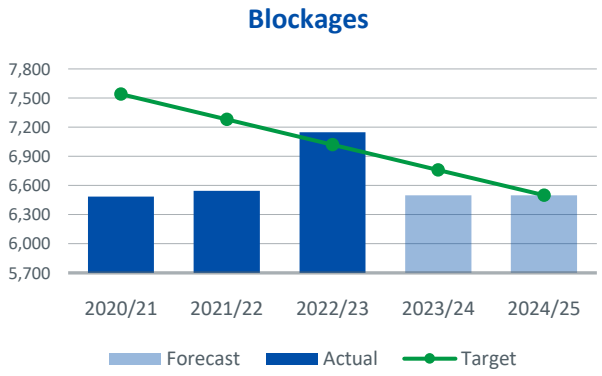
External sewer flooding



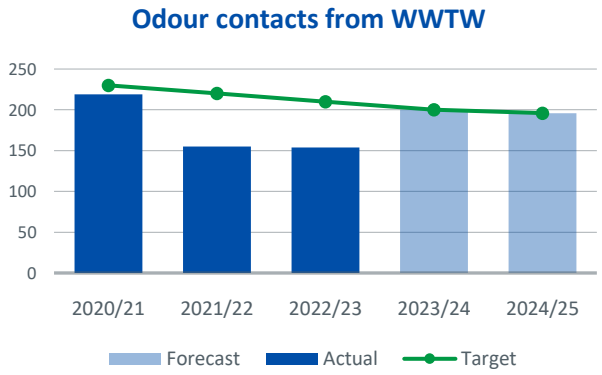
Corresponding to the positive internal sewer flooding performance during the first two years in the period we outperformed our target with the application of measures to combat internal sewer flooding and pollutions also contributing to a reduction in external sewer flooding events.

Unfortunately, during 2022/23 the number of external sewer flooding events increased and represents an underperformance against our target. This likely occurred due to the change between a period of low flow during the record breaking prolonged dry hot summer of 2022 followed by periods of significant rainfall.

As a result, we have been actioning an improvement plan specifically targeted at reducing the number of external sewer flooding events through increased proactive cleansing on the network and continuing rollout of sewer depth meters to get this performance commitment on track for the remainder of the period.

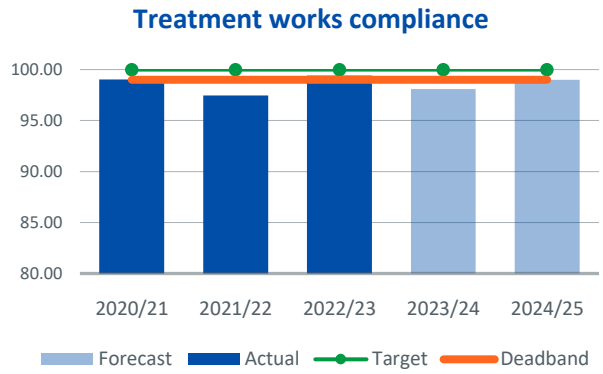


Similar to external sewer floodings, the number of blockages also increased significantly against target in 2022/23, but our proactive approach is expected to recover this position.



We outperformed against our odour contacts from wastewater treatment works across the first three years of the period and we are forecasting to be on target at the end of the AMP (or indeed may outperform again in these areas).

We proactively liaise with a number of customers through a managed process or part of active liaison groups, as well as reviewing our odour management plans at several wastewater treatment works. This is aligned with some additional investment in odour system refurbishment and changes to operational practises. These have been particularly successful in constraining odour contacts through a very dry and hot summer, keeping our performance within target during 2022/23.

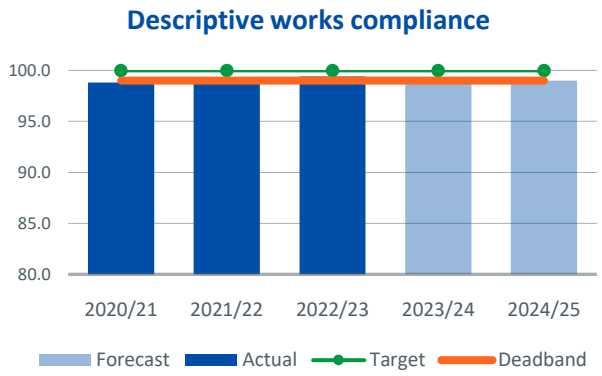


South West Water's wastewater treatment works have permitted discharges governed by either numeric or descriptive conditions. Numeric permits place measurable conditions on the final effluent discharged to the environment.

In 2022, our MOT programme, investment plans and targeting third-party compliance, as well as utilising temporary assets over the summer to mitigate process risks, have delivered our best ever score at 99.40% (313 out of 315 wastewater treatment works) and was top quartile for the industry.

Our performance commitment of 100% compliance was therefore not achieved, however this was within the industry-wide 'deadband' of 99%. For 2023, disappointingly June and July saw a number of failures resulting in a forecast position of less than 99%.

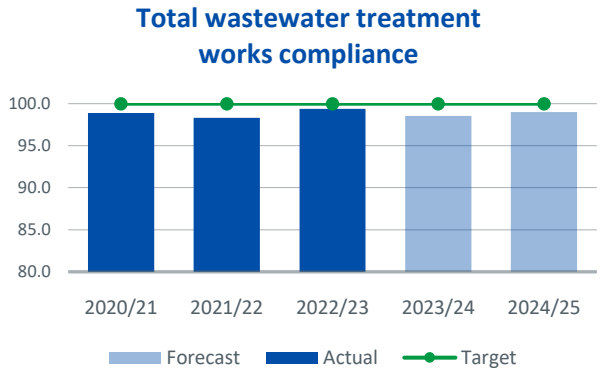
We will continue to deliver the actions set out in our action plan to maintain this improved performance and within the regulatory deadband at the end of the period.



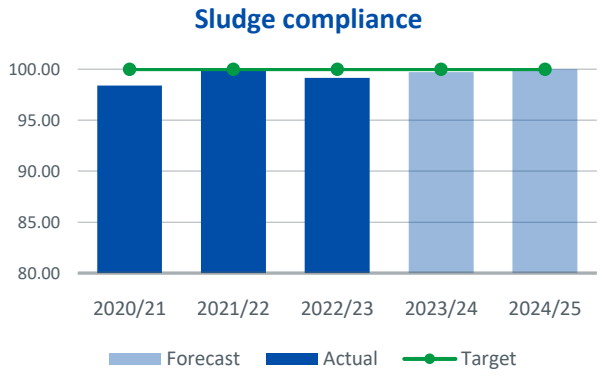
South West Water's wastewater treatment works have permitted discharges governed by either numeric or descriptive conditions.

Descriptive compliance for 2022 has improved slightly to 99.4% from 99.1% in 2021, whilst below our target of 100%, it is within the deadband.

Enhanced visits to sites and an increase in resources focused on maintaining descriptive sites have continued. This is aligned with capital investment where required. Descriptive permits place narrative conditions upon the quality of final effluent discharge, avoiding environmental impact or the equipment deployed in the treatment process.



This is an average of descriptive and numeric compliance.



We recycle treated sewage sludge into a valuable resource which can be used as a fertiliser or soil improver on agricultural land. This fertiliser product is known as a bioresource or biosolid. In addition to valuable nutrients, bioresources also contain organic matter, which benefits agriculture and the environment. Bioresources can be produced in a variety of ways, SWW produce compliant bioresources through anaerobic digestion, lime stabilisation, or a combination of these treatments.

In 2022/23 the company focus on bioresources has been amplified. The regulatory framework for ensuring safe and environmentally useful bioresources is changing. In 2020 we saw the move towards accreditation for the Biosolids Assurance Scheme (BAS) and in 2022 we saw the introduction of 20 best practice guidance measures under Farming Rules for Water (FRfW) and we worked with the EA to establish greater capacity to support third parties in disposing of waste.

Overall, there were two failures in 2022 and one for 2023, which marginally misses the target, but based on root cause assessments we expect to meet 100% in 2024/25.

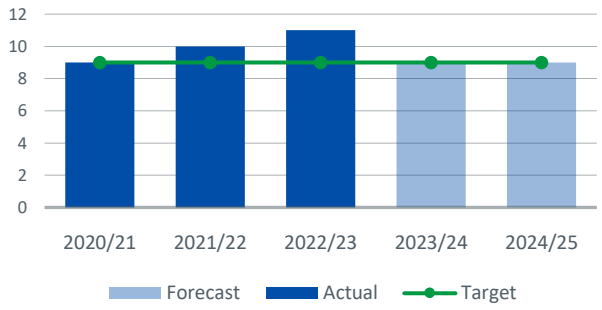
Responsive to customers

Dealing with customer requests, problems and queries quickly and efficiently, and ensuring the service our customers receive represents value for money.

South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
D-Mex	Ranking	9	10	11	9	9
Operational contacts resolved first time – water	%	96.0	95.5	95.3	95.0	95.0
Operational contacts resolved first time – wastewater	%	95.1	95.2	95.0	95.0	95.0
Customer satisfaction with value for money	%	70.0	73.0	74.0	74.0	75.0
British Standard for Inclusive Service Provision	Score	Achieved	Maintained	Maintained	Maintained	Maintained
Overall satisfaction of services received on the PSR	%	89.0	83.0	91.0	91.0	93.0
Priority services for customers in vulnerable circumstances – reached	%	4.6	5.8	7.8	9.0	9.0
Priority services for customers in vulnerable circumstances – actual contacts	%	39.1	55.5	47.0	55.0	55.0
Priority services for customers in vulnerable circumstances – attempted contacts	%	51.2	90.4	90.1	90.0	90.0
C-Mex	Ranking	12	12	12	10	8

D-Mex (Industry Ranking)



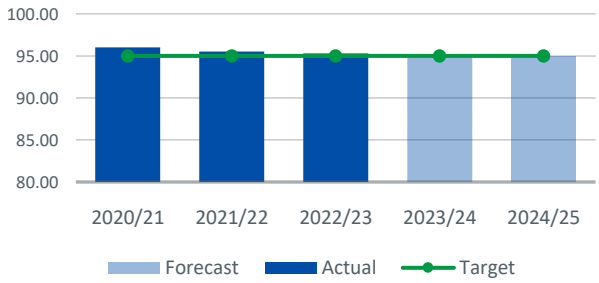
This performance commitment aims to drive improvements in developer services for Developers, Self Lay Providers and new applications and variations (NAVs).

Whilst we have continued to target improvements to our developer services engagement and operations,in 2022/23, our score was below the median company, ranked 11th.

Despite this, we have improved our score from 84.99 to 85.89. We recognise we need to improve our service further and we have developed plans to drive improved performance and we will deliver on the priorities of our customers who ask for better communication, quality of information and timescales for completed work.

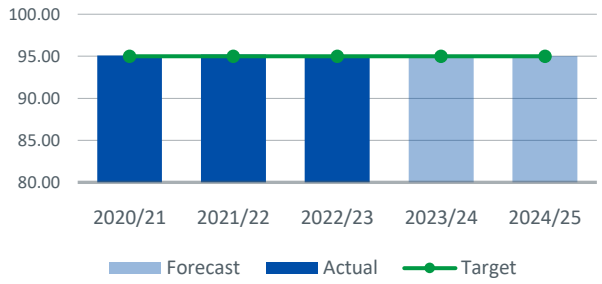
We will be inviting customers to a Market Engagement Event giving customers a platform to speak directly to the team. We will be introducing updates via regular Newsletters issued by email to keep our customers who cannot attend the events informed.

Operational contacts resolved first time – water



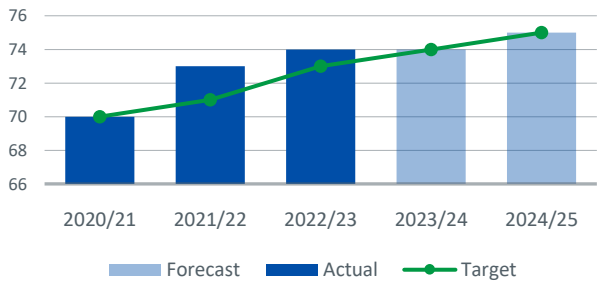
This performance commitment measures the company's ability to resolve drinking water operational contacts first time without customers needing to contact the company a second time for the same issue. Water has either met or exceeded the 95% committed performance level for the first three years of the period and is forecast to remain on target.

Operational contacts resolved first time – wastewater



This performance commitment measures the company's ability to resolve wastewater operational contacts first time without customers needing to contact the company a second time for the same issue. Waste again met the 95% committed performance level for the first three years of the period and is forecast to remain on target.

Customer satisfaction with value for money



In recognition of the value for money of the services we deliver for them, customers' satisfaction levels have increased again to 74% in 2022/23 exceeding our performance commitment.

Whilst our first focus is always on keeping bills low, we know that there is more to do, and we are undertaking a wide range of actions and initiatives to help all our customers during these unprecedented times.

British Standard for inclusive service provision

We maintained our certification under BS 18477:2010, the British Standard for Inclusive Service Provision, the scope of which includes identifying and responding to consumer vulnerability for the supply of water and wastewater services. Assessment covered not only the quality of services for PSR customers, but also our wider service provision to all customers in vulnerable circumstances, regardless of whether they are registered for the PSR.

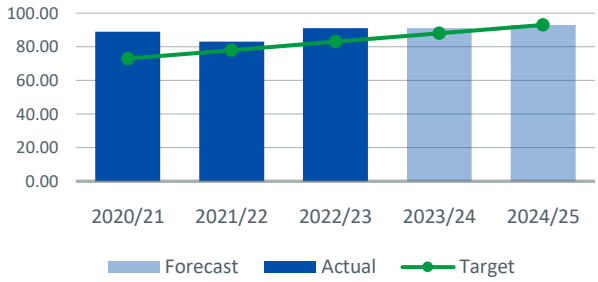
PSR is a common performance commitment consists of the following criteria:

- The PSR reach percentage of households that are registered for additional support
- Percentage of households on the PSR the company has attempted to contact
- Percentage households on the PSR that the company has contacted.

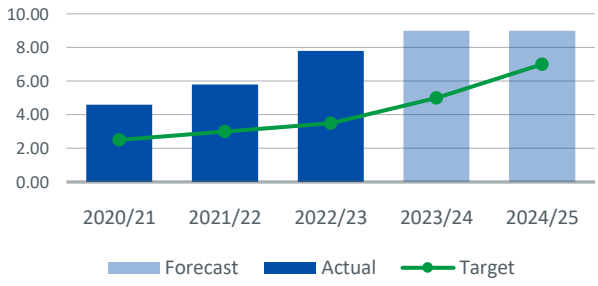
The measure ensures a minimum standard across all companies for the number of household's registered and for data checking.

Each of the three PSR elements was achieved or exceeded in 2022/23, with this expected to continue to the end of the period, with 78,981 customers registered for extra support, an in-year increase of 20,908 or 36%.

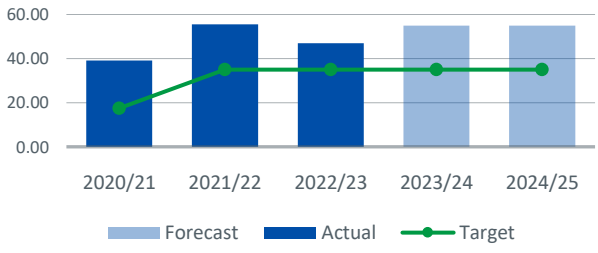
Overall satisfaction of services received on the PSR



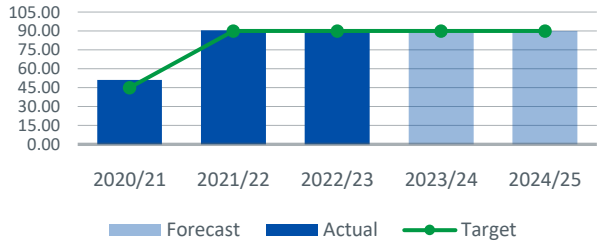
Priority services for customers in vulnerable circumstances – reached



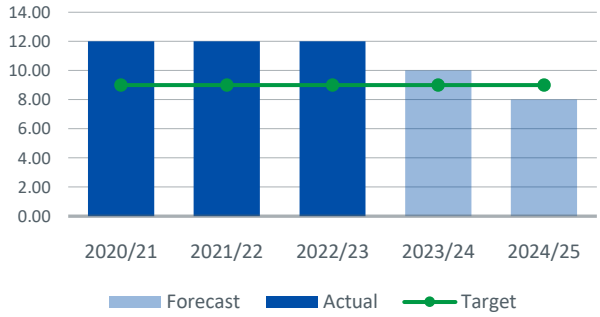
Priority services for customers in vulnerable circumstances – actual contacts



Priority services for customers in vulnerable circumstances – attempted contacts



C-MeX (Industry Ranking)



While we work hard every day to deliver for our customers, our overall customer satisfaction position has remained stable with SWW positioning 12/17 companies in each of the first three years of the period.

We are now even more accessible to customers than ever before with further modernisation of our contact channels including the introduction of WhatsApp messaging. Alongside this, customers can now speak to us digitally at a time that suits them with conversations now taking place 24/7. We have also enhanced our self-serve functionality, stepping up to the cost-of-living crisis, by giving customers the ability to provide a meter reading and receive a statement at any time so they can better manage their finances.

We know there is more to do and our action plan to achieve an industry ranking of 10/17 in 2023/24 and 8/17 in 2024/25, with engagement and communication being critical in allowing us to understand customer concerns and explain to them what we are doing to resolve them. Our continued focus in 2023/24 is to:

- Change wider customer perceptions through our customer engagement
- Ensure we are open and transparent
- Deliver improvements for the environment through our WaterFit programme
- Ensure that we deliver a service that is 'right first time'.

For more information see
Performance Update & Action Plan

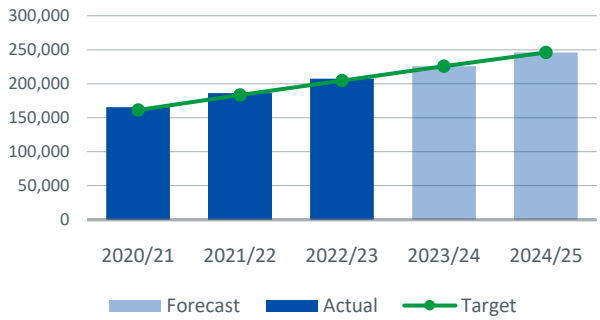
Fair charging and affordable bills for all

Fair charging and affordable bills for all – keeping our costs as low as possible to keep our bills affordable and offering support to those who need help with their bills.

South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Installation of AMR meters	Number	165,685	186,113	207,271	225,705	245,964
Number of customers on one of our support tariffs	Number	30,565	32,255	43,239	59,000	65,000
Voids for residential retail	%	0.84	0.83	0.86	0.85	0.84
Percentage of customers who find their water bill affordable	%	89.4	93.3	96.9	97.6	100.0

Installation of AMR meters



Our customers tell us they want us to help all customers use less water to protect valuable resources and support household budgeting. To do this it is important that as many customers as possible receive accurate and timely bills.

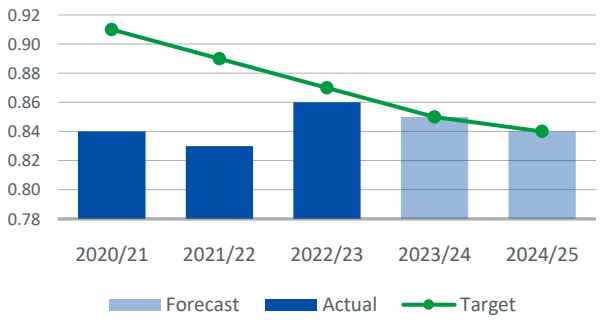
Installing meters with automatic meter reading capability (AMR) means we can take even more regular meter readings, reducing the need to send estimated bills. AMR meters also help us to detect if water is being used continuously, which might indicate a leak and can help customers avoid unnecessarily high bills.

In 2022/23 we achieved and exceeded the AMR target for third consecutive year and expect to continue to exceed or meet our performance commitment to the end of 2024/25.

Investigating and reducing the number of properties that do not pay for the services they receive is the right thing to do and fair to everyone who pays their bill. Void properties are defined as chargeable premises which are recorded as vacant with no charges levied as of 31 March each year.

Robust void management is an important factor in ensuring customers are billed accurately and fairly and that customers who may require additional support can be quickly identified.

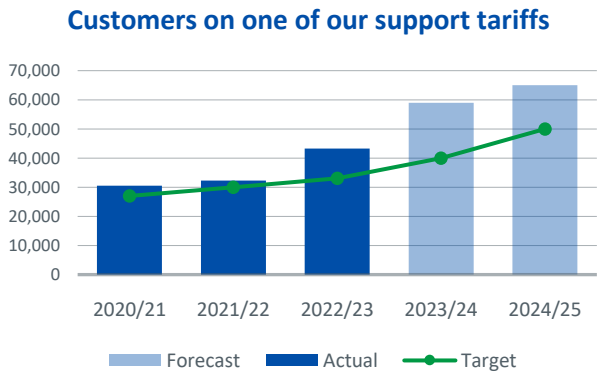
Voids for residential retail

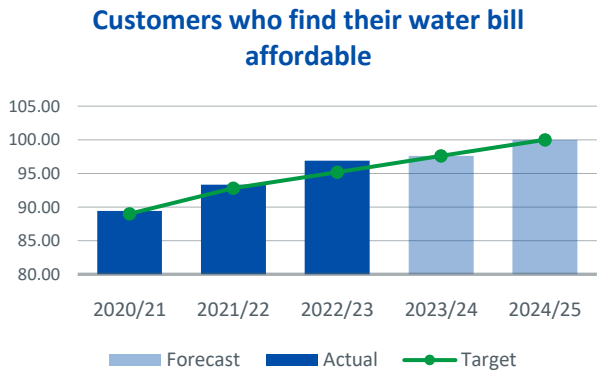


To do this we have developed and operate several activities and processes that help us to ensure that we proactively identify and prevent properties from becoming void including:

- Data collection at the point of contact where a customer moves into or vacates a property
- Previous and Current Occupier Tracing and Data Sharing – utilising data through multiple sources to identify occupants.

The void percentage achieved in 2022/23 was 0.86%, against the target of 0.87%.





Our region has a higher proportion of households with lower-than-average incomes. This, coupled with the size of customer's water bills not being uniform across England and Wales, means that nowhere has the cost-of-living crisis impact more acutely than in the South West.

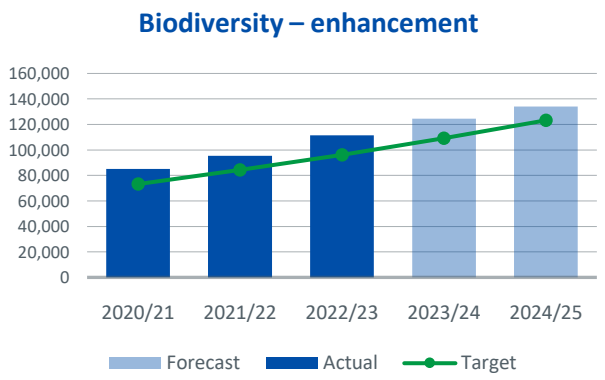
The definition of Water Poverty is where any customers bill is more than 5% of equivalised income. We have made measurable industry leading Business Plan commitments to eradicate Water Poverty by 2025, ahead of the CCW's 2030 ambition, which we are pleased to report we are on track to achieve this with 96.9% of customers who find their bill affordable in 2022/23, exceeding our glidepath target of 95.2% as we aim to eradicate Water Poverty by 2025. To achieve this at the end of March 2023 43,239 South West customers were benefiting from and being brought out of Water Poverty through a support tariff in 2022-23. This is an in-year increase of 10,984 or 38%.

Protecting the environment

Minimising our impact on the world around us and taking steps to protect and enhance it where possible.

South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Biodiversity – enhancement	Hectares	85,100	95,453	111,515	124,515	134,000
Biodiversity – compliance	Number	0	0	0	0	0
Biodiversity – prevent deterioration	Number	46	70	101	120	120
Pollution incidents	Per 10,000km of sewer length	144	87	62	56	20
Number of pollution incidents category 1-3 (water only)	Number	10	8	28	16	16
EPA	Number	2	1	2	2	4

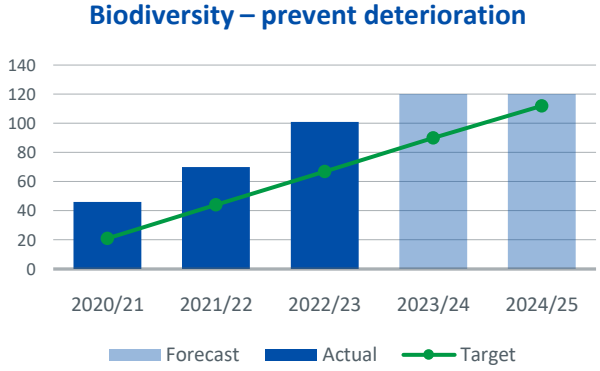


Catchment management protects and improves river quality and critical water abstraction sources to provide clean, safe drinking water without the need to provide additional infrastructure. It is supported by our customers as part of our commitment to protect and enhance the environment in the catchments in which we operate.

This performance commitment is designed to incentivise an increase in land under active improved catchment management as part of the 'Upstream Thinking' and the more recent 'Green Recovery' project interventions.

The initial business plan annual target for Upstream Thinking was 10,000 hectares of new land under active improved catchment management (50,000 more hectares over the five-year regulatory period). The Green Recovery programme will deliver a further 10,000 hectares of new land under active management during the four years it will be active leading up to 2025.

So far in each year of the 2020-25 regulatory reporting period we have delivered more new land under active catchment management compared to our commitments. In 2022/23 a further 12,282 hectares of land were added to our business plan Upstream Thinking project, whilst a further 3,414 hectares were added to the Green Recovery programme, resulting in an annual delivery of 15,696 against an annual combined target of 12,000 ha. This brings our cumulative position to 111,515 has of new areas under active catchment management since April 2015. This is above our performance commitment position of 96,209ha.



Invasive non-native species (INNS) can impact on all aspects of the business with significant operational, compliance, reputational and financial risks and are one of the most significant causes of biodiversity loss globally.

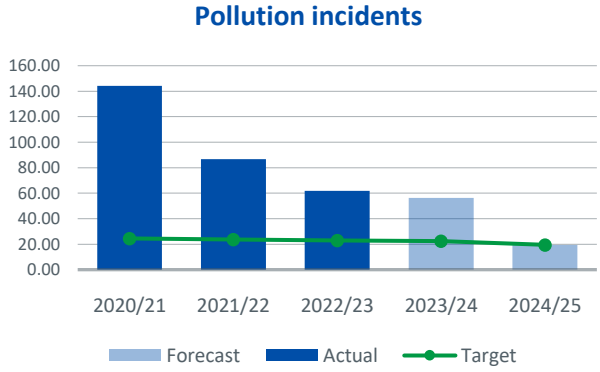
This measure is to incentivise the delivery of biosecurity installations at South West Water sites, to prevent the introduction of new and spread of existing INNS.

This programme has been accelerated for the third year and we are exceeding our targets:

- our commitment was to install a range of signs at 100 sites – 20 signs a year over the five years 2020-25. However, we are ahead of schedule having installed signs at 90 sites over the first three years of the regulatory period.

We also committed to installing 12 biosecurity wash down facilities over the five-year period. Again, we are ahead of schedule and have installed 11 facilities to date and are scoping for two further watercraft wash downs for this AMP. Our exemplar biosecurity wash down facilities at Roadford, includes a pressure washer for watercraft, an angling dip tank, and a boot scrub.

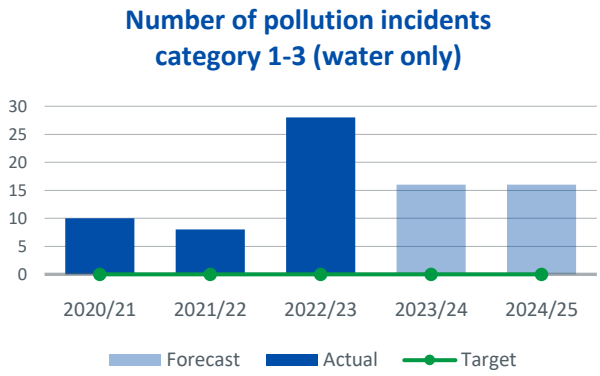
We continue to work closely with South West Lakes Trust who are monitoring use of this biosecurity hub. Uptake has been great as site visitors are aware that these measures help protect the water supply, recreational activities, and wildlife.



Our performance on wastewater pollution incidents improved again in 2022 with a 28% reduction on 2021 incidents. We had 108 wastewater category 1-3 incidents in 2022 compared to 151 in 2021. This decrease together with the previous reduction between 2021 and 2020, means that we have reduced wastewater category 1-3 pollution incidents by over 50% over the last 2 years. Pleasingly, the number of category 1-2 pollution incidents reduced to two in 2022 from eight in 2021 and we have not had any category 1 incidents since 2018. However, overall we did not fully achieve the targets we set ourselves in the Pollution Incident Reduction Plan and therefore recognise that we have much more to do still to reduce pollutions and protect our environment.

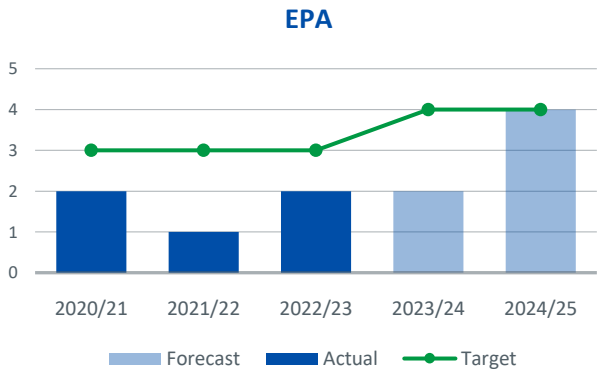
We will improve further by continuing with enhancements already in place and by actioning other performance improvement opportunities that we have set out in an updated plan for 2023 where we forecast a relatively small reduction, but targeting to meet the 2024/25 position through our enhanced action plan. Some of the key initiatives are:

- Acceleration of additional telemetry on our sewer network, including 9,000 sewer level monitors, region-wide deployment of AI tool for predictive analytics on storm overflows, increased use of AI tool for detection of bursts on rising mains and intelligent alarms
- Enhancements to our Control Centre operation to strengthen our 24/7 response to telemetry data.
- Continuation of ‘hotspot’ investment programme at problematic locations alongside ‘Fast-Track’ investment funding streams available to operational teams to avoid delay on remedial work.
- Completion of proactive rising mains replacement programme with a further 18 to deliver this year.
- Additional sewer network cleansing.
- Sewer misconnection and commercial FOG (fats, oils and grease) team to drive improved compliance and more rapid response to sewer misuse events.
- Enhancing root cause analysis processes to deliver greater insight into identifying cause, risk and remedial actions.
- Establishing a Wastewater Process and Best Practice Training Centre.



The number of pollution incidents arising from our drinking water assets was 28 which was unfortunately an increase from the prior year. The incidents were predominantly due to short duration escapes of potable water from burst mains across our water distribution network.

This outturn represents a deterioration in performance from 2021/22 where we recorded eight events against a target of zero. In response we have revisited our culture and training programmes and re-briefed internal and supply chain staff on our pollution management and reporting processes. We have also worked with our supply chain partners to increase audit activity across network repair activities. This will provide further scrutiny and confidence that best practice in managing events is always followed, however with a target of zero we are not expected to meet this in the next two years.



The EPA is the Environment Agency's assessment of environmental performance.

For 2022 we have seen improvements across all areas, except for SDBI where the drought experienced through the long hot dry summer has reduced our supply demand balance.

Despite the continuing improvement plan to reduce total pollution incidents (wastewater), reducing by c.30% for 2022, this remains a red measure for the year. However the 75% reduction in serious pollution incidents and improved self-reporting resulted in these measures being amber for the year.

Permit compliance at 99.4% was our best ever performance and we have cumulatively delivered 536 of the 538 WINEP schemes over the first three years of the 2020-25 period. Two complex shellfish schemes at Exmouth, require additional investments linked to improvements in the next regulatory period. Sludge compliance was reintroduced into the EPA this year and at 99.14% resulted in a green assessment.

We recognise that there is still more to do in this area as targets become more stringent. The investments and interventions we are making support our target to improve our overall position, achieving 4 star EPA rating by the end of 2024. Our steadfast focus remains in this area to deliver a meaningful step change in performance. In addition to the significant focus on reducing pollution incidents, which has started to make a significant impact, We are also taking action to improve performance across all areas of the EPA.

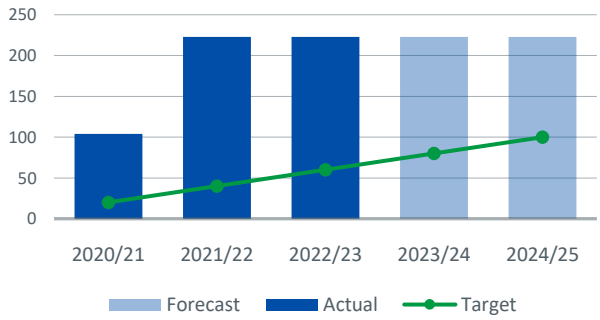
Resilience

Making sure our water and wastewater services are resilient to a range of risks and we are able to respond quickly and effectively to extreme events.

South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Resilient water and wastewater services on the Isles of Scilly	Text	Appointed	Appointed	Appointed	Appointed	Appointed
Resilience in the round – wastewater	Number	104	223	223	223	223
Resilience in the round – water	Number	197	3,783	1,349	552	540
Risk of sewer flooding in a storm	%	14.6	9.8	7.1	7.1	8.0
Risk of severe restrictions in a drought	%	0.0	0.0	0.0	0.0	0.0

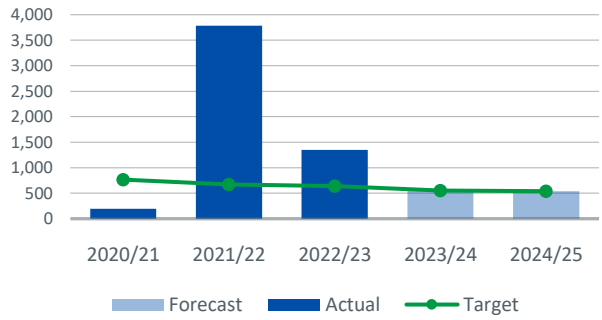
Resilience in the round – wastewater



This measure relates to the ability to protect and quickly recover treatment processes at wastewater treatment works in the case of extreme weather events. It is measured as the number of resilience action plans put in place for the wastewater treatment works. South West has already written a plan for each of the 223 Wastewater treatment works which are located in the 1:1000 extreme flood zone as published by the Environment Agency, against a 2022/23 target of 60.

The plans have been produced in line with our business plan to improve the response and recovery of each wastewater site following any flooding incident.

Resilience in the round – water



This measure reports the number of properties affected by unplanned interruptions to supply of greater than 12 hours.

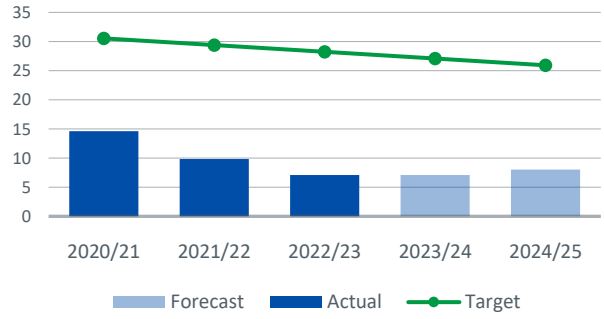
In 2022/23, 1,349 properties were affected by an unplanned supply interruption greater than 12 hours.This number was higher than our performance commitment of 641 properties although significantly improved from 2021/22 where the impact of a large-scale third-party damage event resulted in impacts to over 3,000 customers in the Mid and West Cornwall areas where supplies were interrupted for more than 12 hours.

Most of the properties impacted in 2022/23 resulted from three events, the first of which was a significant trunk main failure. Due to health and safety and engineering considerations this event led to extended supply interruptions for customers in the Buckfastleigh area. The second and third were related to the freeze/thaw event in late December. Customers in the Axminster and Holcombe Rogus areas of East Devon experienced extended supply interruptions due to mains failure and decreased storage due to the supplying service reservoir being out of service for maintenance.

Overall, performance in this area continues to be positively impacted by our proactive response and recovery strategy. When we become aware that supplies may be affected, rapid mobilisation of alternative temporary water supply measures is initiated, this is inclusive of both internal and supply chain resources.

Without this response, the property count affected here would be considerably higher.

Risk of sewer flooding in a storm



This metric has been designed to measure the resilience of drainage systems to assess existing and future resilience to extreme wet weather events causing sewers to flood. The aim is to prioritise investment, engage more extensively in partnership working and with customers, and importantly, to focus the development of long-term planning strategies with a view to reducing the chances that residential and business customers will be flooded in future. We currently have a 2022/23 commitment to have no more than 29.7% of the region's population at risk from internal hydraulic flooding, and we are currently forecasting below target for the regulatory period.

Risk of severe restrictions in a drought

This measure looks at the long-term risk of customers experiencing severe supply restrictions. Our 2020-25 business plan forecast was that we did not expect any customers to be at risk from severe restrictions in 1 in 200 year drought events – this is still the case.

2022 was an extraordinary year with an exceptional shortage of rain – the summer was the 4th driest in 130 years, extreme heat resulting in the hottest year on record, high levels of soil moisture deficit reducing the benefits of any rainfall which did occur, weather factors increasing summer demand from customers for example watering gardens, filling paddling pools and increased demand as a result of population growth in the region due to COVID with greater use of second homes coupled with increased tourism resulted in a situation for our Colliford water resource zone beyond our Water Resources Management Plan 1-in-200 design conditions.

Despite these conditions, no customers were without a water supply or had severe restrictions (outside of the temporary use bans) and actual storage in the Colliford reservoir did not reach Level 3 within our drought plan – consistent with the 0% assumed within the 2020-25 business plan.

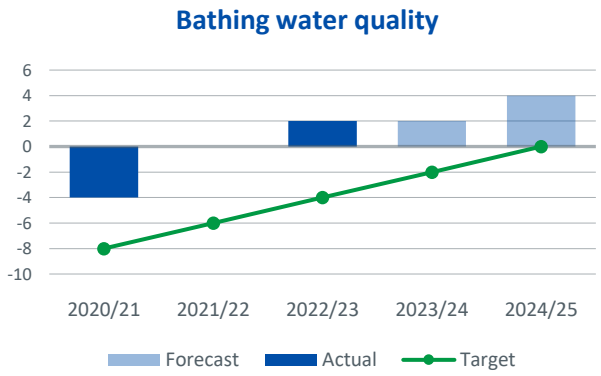
However, recognising the aim of avoiding any restrictions to customers, in the longer term, we are working to address further supply interventions in specific areas of our region.

Benefiting the community

Having a positive long-term effect on people and quality of life in the region.

South West Water

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Bathing water quality	Number	(4)	0	2	2	4
Abstraction incentive mechanism	Number	N/A	N/A	N/A	N/A	N/A



The purpose of this performance commitment is to incentivise the Company to improve water quality at the beaches designated for swimming within our region. By encouraging the improvement of bathing water quality, this performance commitment will enhance coastal environments, whilst also supporting the continued development of the leisure and tourism industries in the South West region. This performance commitment is based on the following factors:

- the number of bathing waters meeting or exceeding Environment Agency requirements identified in the WINEP
- the number of bathing waters downgraded during 2020-25 (based on Environment Agency annual classification data) where the cause is solely attributable to the water company
- the number of bathing waters where South West Water is investigating the potential for improved status under the WINEP, and deliver an improved bathing water classification because of improvement actions identified in those investigations (and agreed with the Environment Agency) directly or through partnership activities.

During the rest of the 2020-25 regulatory period, further investments will be made in improvements to the performance of our assets. This includes investigations to improve our understanding of current bathing water quality issues, as well as improvement measures at existing assets to reduce the impact of storm overflows.

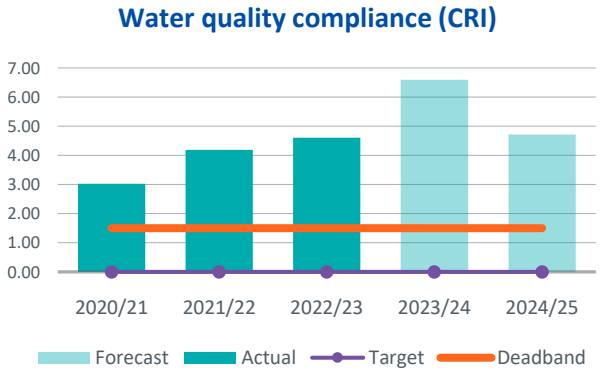
Abstraction incentive mechanism

The East Devon groundwater sources are important for supply in this area. As such, we included an Abstraction Incentive Mechanism, or AIM, for a key groundwater sources in East Devon for the 2020-25 regulatory period. The purpose of the AIM is to promote the switch of water resource mix if groundwater levels are low. Groundwater levels were such that the AIM scheme was not triggered this year.

Clean, safe and reliable supply of drinking water

Providing an uninterrupted supply of fresh clean water that not only meets the highest water quality standards but is also free from unwanted taste, colour or odour.

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Water quality compliance (CRI)	Number	3.0	4.2	4.6	6.6	4.7
Water supply interruptions	hh:mm:ss	00:30:17	00:02:31	00:08:03	00:05:23	00:05:00
Customer contacts about water quality – appearance	Number	1.1	1.1	0.9	0.6	0.6
Customer contacts about water quality – taste and smell	Number	0.4	0.3	0.3	0.2	0.2
Mains repairs	Number	154.2	106.4	170.8	132.7	130.7
Unplanned outage	%	0.2	1.7	6.2	4.3	2.3
Unplanned maintenance events above ground assets	Number	3,134	3,026	3,077	3,117	3,185
Properties at risk of receiving low pressure	Number	57	11	2	4	4
Turbidity	Number	0	0	0	0	0



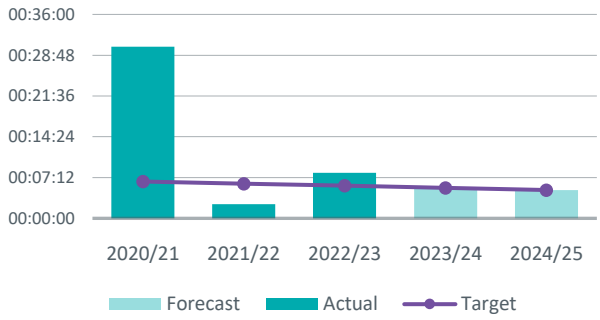
The compliance risk index (CRI) is a water quality performance metric defined by the Drinking Water Inspectorate (DWI) to illustrate the risk of treated water compliance failures. CRI is reported for each calendar year. The company's CRI performance deteriorated slightly from 4.19 in 2021 to 4.60 in 2022. This is above the ODI target of 0 and the ODI deadband of 1.5.

Bristol's performance in 2022 was adversely impacted by an unusual number of failures at treatment works and service reservoirs. During the 2022 drought, we were able to utilise investment in a strategic pipeline linking the Northern and Southern Bristol supply regions to maintain supplies to all customers. The elevated temperatures, long dry period and the effect of moving water further contributed to the increased number of failures in 2022. Our learnings from this experience have identified additional measures that we can implement to reduce the risk of future failures and informed our proposed water quality enhancement programme for the 2025-2030 period.

The 2022 CRI was also impacted by a failure at a treatment works where planned improvement work was being delivered. These works are nearing completion and therefore the risk at this site will be reduced.

We are also setting out an action plan for improvements and rolling out our 'Quality First' programme for Bristol, but the impact of a failure at one of our larger works is impacting 2023 performance and with substantial works ongoing we are forecasting to exceed target in 2023 and 2024.

Water supply interruptions



Customers value a resilient and reliable water supply. So, when supply interruptions do happen, they want their water back as soon as possible.

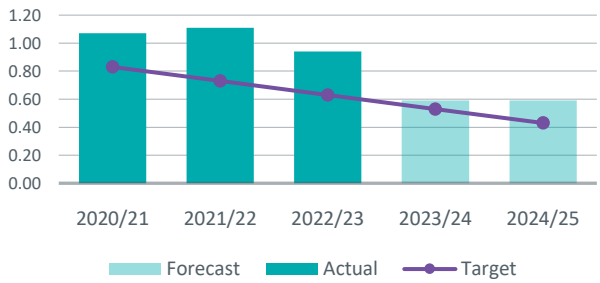
We have unfortunately not met our target in 2 of the three years of the period to date. In 2022/23 the impact of two events has led to us exceeding the target.

In 2020/21 we significantly exceeded our target, with our performance being influenced by three large events accounting for 83% of our total performance (without these events we would have outperformed our target).

We have made fundamental changes in our approach to ensure that we perform better in this area and we are pleased with the impact these changes have had, with a significant out-performance of our target in 2021/22 and an underlying good performance in 2022/23 (which would have achieved target without the two events mentioned above), despite two severe weather events (a heatwave and a winter freeze-thaw event).

We continue to invest in replacing old pipes to ensure that the risk of incidents is reduced. Our severe weather taskforce continues to plan to minimise the impact of weather events on customers supplies and we forecast to hit our target by the end of the period.

Customer contacts about water quality – appearance

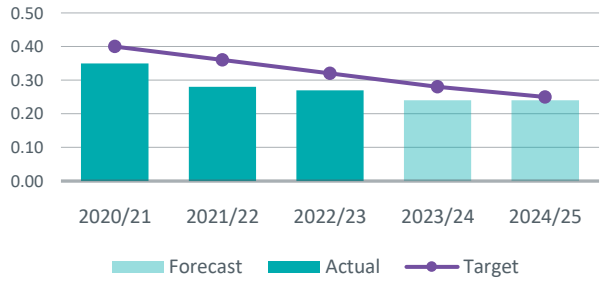


The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the appearance of their water.

The consumer contact rate for appearance contacts improved from 1.11 in 2021 to 0.94 in 2022, our best ever. This improvement was unfortunately not enough to achieve the challenging performance commitment level target of 0.63, although actual and forecast performance over the period is indicating a positive trend.

We are continuing our work with the Fire Service and other external organisations to reduce the risk of customers experiencing discoloured water when they operate fire hydrants on our network. We will continue our systematic flushing programme to reduce the risk of discoloured water and in 2023 we are trialling different methods of flushing to make this process more sustainable.

Customer contacts about water quality – taste and smell

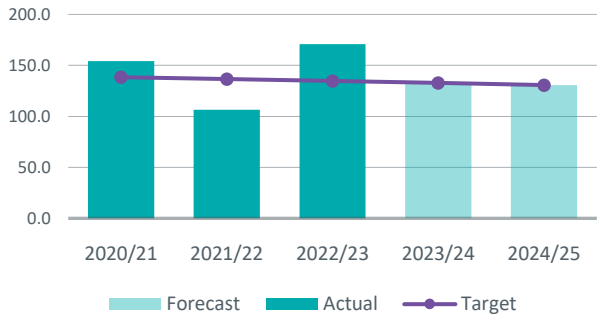


The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the taste and odour of their tap water.

We have consistently outperformed our target over the period and contact rates for taste and odour contacts improved from 0.28 in 2021 to 0.27 in 2022, with forecast performance expected to remain better our target.

A large proportion of taste and odour contacts are associated with internal plumbing systems within customers' homes. We continue to improve information available for customers on our website to allow customers to self-serve and resolve taste and odour problems as quickly and conveniently as possible.

Mains repairs



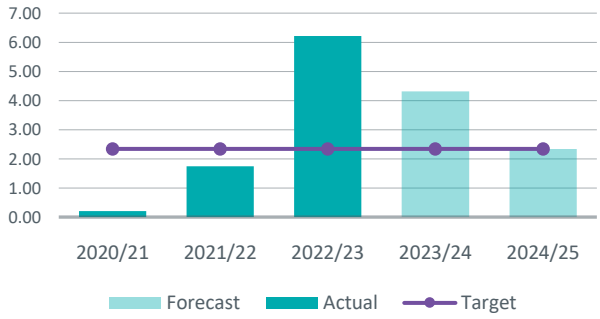
When our mains get damaged or fail, it is vitally important that these are repaired to ensure that we do not waste valuable water and that customers are kept in supply.

We minimise the likelihood of mains bursts by replacing targeted sections or whole areas of poorly performing pipes. We minimise high pressure risks where we can and monitor the network for 'transient' pressure spikes that can lead to mains failures. Alongside this, our network teams employ calm network operational techniques.

During 2022/23, these interventions were not enough to counteract two extreme weather events (summer heatwave and winter freeze-thaw) and we have missed the challenging target set for the year.

Forecast performance is expected to be on target for the remaining 2 years of the AMP.

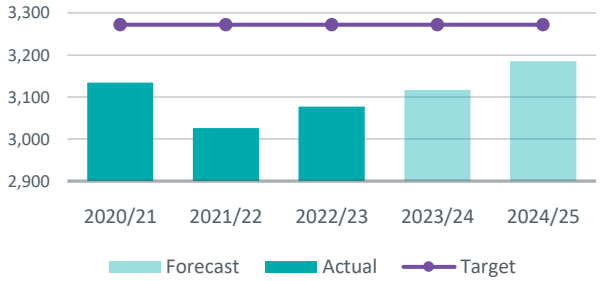
Unplanned outage



We have outperformed our performance commitment for the first two years of the period. However, during 2022/23 an unplanned outage at Purton treatment works accounted for 5.57% of the unplanned outage in the year. This is expected to continue into 2023/24 because the resolution of the asset issues is complex.

Planned outage for 2022/23 is also higher than previous years due to continued progress on improvements to process at a single treatment works, the inclusion of a planned outage to upgrade a minor groundwater treatment works and the planned maintenance of another site.

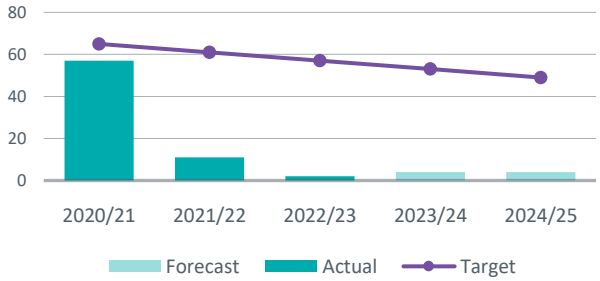
Unplanned maintenance events above ground assets



Unplanned events mean potential interruptions to the treatment and supply of clean and wholesome water. The more we can reduce the occurrence of unplanned events on our treatment works the more reliable the supply of water; this results in reduced asset downtime and increased reliability of supply for our customers.

We have consistently outperformed our target on this performance commitment for the first three years of the period and forecast to continue outperforming our target to the end of the AMP.

Properties at risk of receiving low pressure



We have continued with our determined effort to minimise the properties at risk of receiving low pressure and commissioned additional targeted interventions to improve our customers' experience and remove a further nine properties from the Low Pressure Register in 2022/23 compared to 2021/22.

The two remaining properties at risk of receiving low pressure are gravity fed from a nearby water tower. We are looking to change how these are supplied before March 2025 in order to complete our accelerated plan to have removed all properties at risk of low pressure.

Turbidity

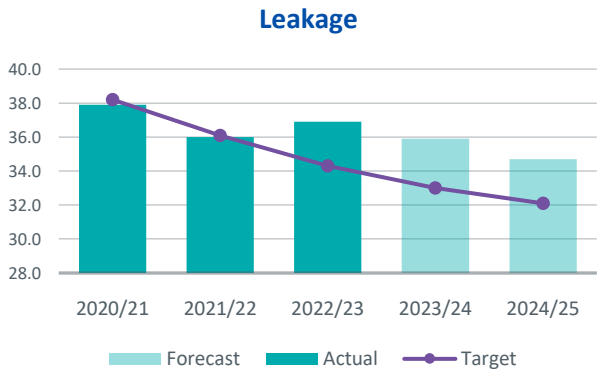
Reducing turbidity at treatment works improves the efficiency of the disinfection process and improves the appearance of drinking water. Turbidity performance at treatment works is measured as the number of operational water treatment works where the 95th percentile of all regulatory final water samples does not equal or exceed 0.5 Nephelometric Turbidity Units (NTUs).

All works performed better than the threshold and met the performance commitment in every year.

Available and sufficient resources

Preventing restrictions on water use and managing and delivering the region's supplies as efficiently as possible.

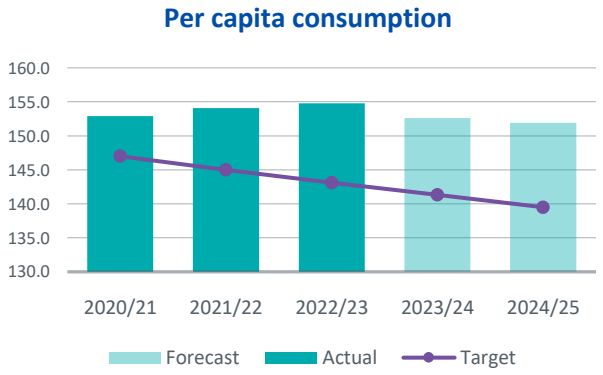
Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Leakage	Ml/d	37.9	36.0	36.9	35.9	34.7
Per Capita Consumption	Litres/person/day	152.9	154.1	154.8	152.6	151.9



We have met our performance commitment target for the first two years of the regulatory period and despite a good start to the year, 2022/23 was very challenging from a leakage perspective. Exceptional summer heat led to an increased number of bursts which then continued through the rest of the year. In particular we experienced a major burst outbreak in December when a deep freeze and subsequent thaw put a strain on the water network.

New initiatives have been implemented during 2022/23 including the development of a fixed acoustic network in Bristol which has aided location time including the problematic winter period. We have increased the number of leakage inspectors working in active leakage control, delivered the planned pressure reduction programme, trialled "lift and shift" acoustic loggers and worked with local councils to reduce permit issue times to speed up repairs. We have also increased customer side repairs to include every supply pipe leak >500l/h, continued with the free leak assistance service for those in need and continued to provide a £100 subsidy payment if a customer repairs the leak or replaces the pipe within 21 days.

Our plan for recovering leakage in the remainder of the 2020-25 period includes further roll-out of fixed and semi-fixed acoustic networks, increases in the number of leakage inspectors, optimisation of pressure reducing valves, an effort to reduce repair times and further analysis of flow data in localised 'district metered areas (DMAs)' to enable us to direct our detection resources to the most productive areas. Whilst we expect to see an in-year movement in leakage, the 2022/23 position (impacted by the extreme weather) means we are unlikely to achieve the 3-year rolling average target.



Across the industry the pandemic has fundamentally changed how, when and where customers use water – having a significant impact on PCC, with people spending more time at home.

During 2022/23 we have seen a further increase (0.5%) in per capita consumption (PCC) compared to the prior year and performance across the regulatory period to date has not met our target.

The hot summer saw a particular increase in per capita consumption, particularly for non-metered customers. In order to manage customer demand over this period, we issued a series of media communications, on our website and in local media to appeal to customers to not use their hosepipes during the short heatwave period so as to reduce the peak demands.

For the remainder of the 2020-25 regulatory period, we will continue with our strategy to reduce consumption. This will include:

- continue to offer water efficiency fittings
- further development of the Resource West partnership
- development of the West Country Water Resources water efficiency partnership and
- utilising the reporting and monitoring of PCC in 'real time' to enable targeted social media campaigns during hot weather where peak demand occurs.

We will also continue to promote metering.

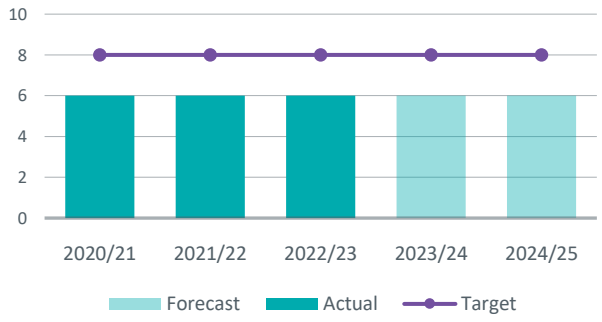
However, the underlying trend will remain higher than target driven by the pandemic - and whilst we recognise we have met the performance commitment, we are proposing no penalty is applied for this period.

Responsive to customers

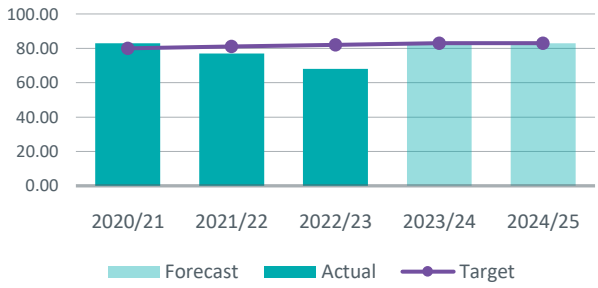
Dealing with customer requests, problems and queries quickly and efficiently, and ensuring the service our customers receive represents value for money.

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
C-Mex	Number	6.0	6.0	6.0	6.0	6.0
Customer satisfaction with value for money	%	83.0	77.0	68.0	83.0	83.0
% satisfied vulnerable customers	%	82.0	89.0	88.0	85.0	85.0
D-Mex	Number	8.0	9.0	4.0	4.0	4.0
Priority services for customers in vulnerable circumstances – reached	%	2.6	4.1	6.5	9.0	9.0
Priority services for customers in vulnerable circumstances – actual contacts	%	35.5	53.2	53.1	55.0	55.0
Priority services for customers in vulnerable circumstances – attempted contacts	%	48.6	94.1	91.1	91.0	90.1
Total complaints per 10,000	Number	58.9	38.7	23.9	23.9	23.9

C-MeX (Industry Ranking)



Customer satisfaction with value for money (%)



C-MeX is the industry's customer measure of experience and we have ranked 6th for the first three years of the regulatory period.

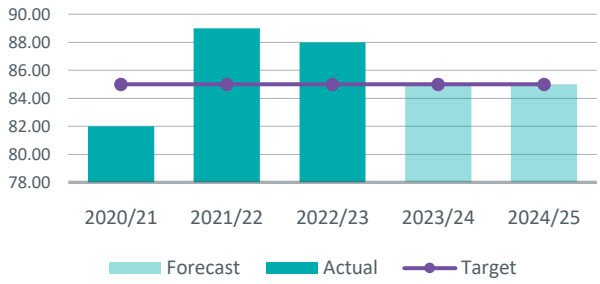
Whilst we have ambitions to further improve upon our performance, we are pleased that we have maintained performance above the industry median.

We have further work to do to improve the customer satisfaction of those customers who have not interacted with us. We will continue to work to share our positive impact in the community and with customers via a range of communication channels and partnership working through our Social Contract.

The aim of this performance commitment is to deliver a service that represents value for money for our customers.

Satisfaction levels have unfortunately reduced from the beginning of the regulatory period from 83% to 68% in 2022/23. We are however forecasting that this measure will be back on target by the end of the period.

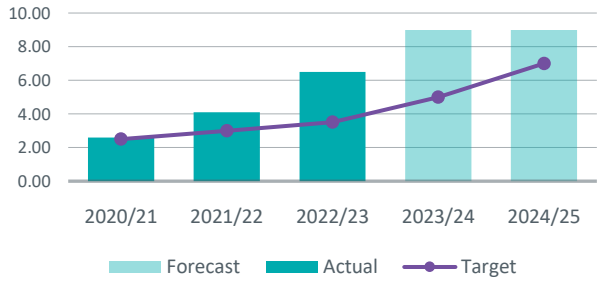
Percentage of satisfied vulnerable customers



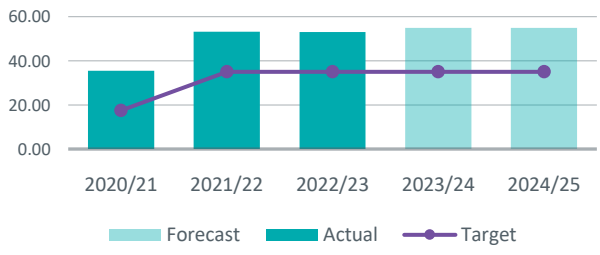
The aim of this performance commitment is to ensure that those customers that are registered for our Priority Services Register (PSR) are satisfied with the services they receive through the PSR.

During 2022/23, 88% of our vulnerable customers rated the service they receive through the PSR as either very satisfied or satisfied compared to the 2022/23 target of 85%. This is a decrease of 1% from the 2021/22 but remains above our target. We are forecasting to remain on target for this performance commitment to the end of 2020-25.

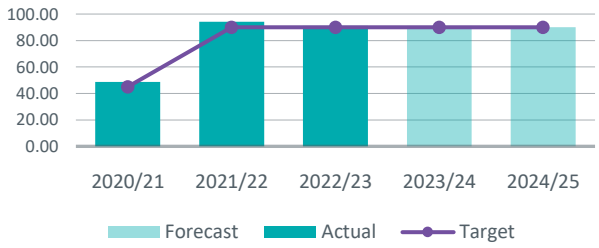
Priority services for customers in vulnerable circumstances – reached



Priority services for customers in vulnerable circumstances – actual contacts



Priority services for customers in vulnerable circumstances – attempted contacts



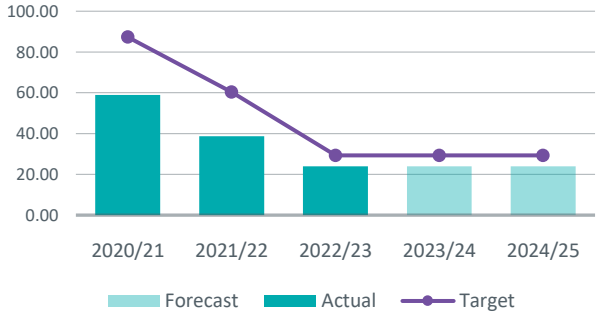
PSR is a common performance commitment consists of the following criteria:

- The PSR reach percentage of households that are registered for additional support
- Percentage of households on the PSR the company has attempted to contact
- Percentage households on the PSR that the company has contacted.

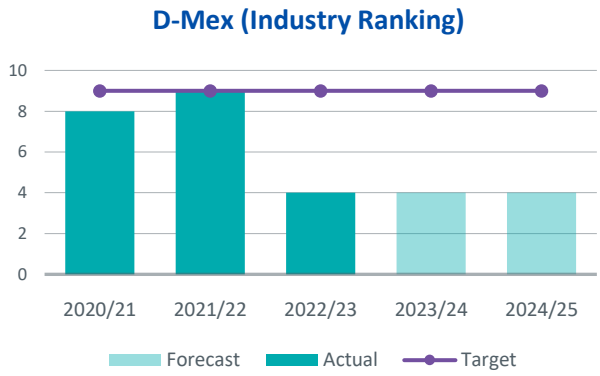
The measure ensures a minimum standard across all companies for the number of household's registered and for data checking.

Each of the three PSR elements was achieved or exceeded in every year, with this expected to continue to the end of the period.

Total complaints per 10,000 customers



Our performance in this area has shown consistent demonstrable improvement since the start of the period and has bettered our target performance for each of the three years to date, with this outperformance expected to continue to the end of the period.



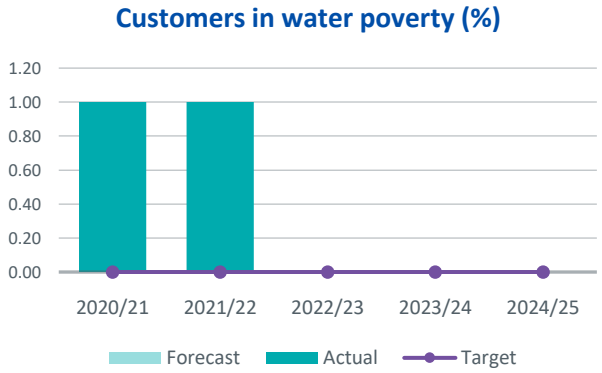
This performance commitment aims to drive improvements in developer services for Developers, Self Lay Providers and new applications and variations (NAV's).

In 2022/23, we delivered upper quartile service for the industry. We have further improved our score with better customer satisfaction scores in the survey and with closer management of target dates we will deliver on the priorities of our customers who ask for better communication and timescales for completed work.

Fair charging and affordable bills for all

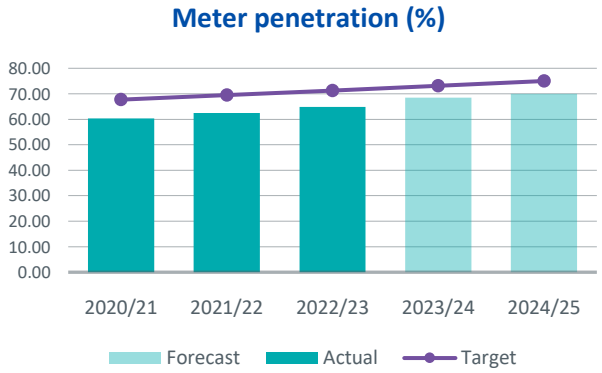
Fair charging and affordable bills for all – keeping our costs as low as possible to keep our bills affordable and offering support to those who need help with their bills.

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Customers in water poverty	%	1.0	1.0	0.0	0.0	0.0
Meter penetration	%	60.3	62.4	64.9	68.5	70.0
Voids	%	1.8	1.8	1.8	1.8	1.8

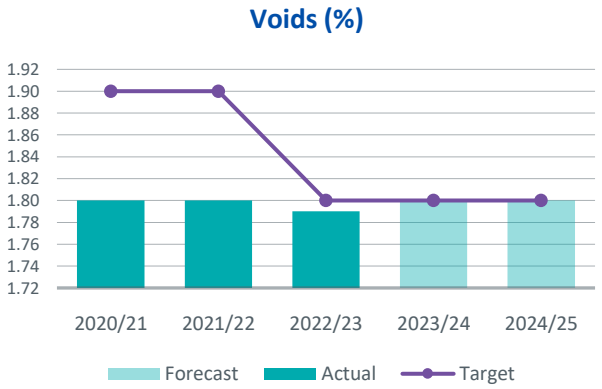


The performance commitment Percentage of Customers in Water Poverty ensures we help those customers on the lowest incomes and experiencing the most serious financial difficulties.

We are pleased to now have achieved our 0% target in line with the regulatory target. We continue to take the measures listed above to further reduced this percentage and ensure water bills remain as low as possible for all customers.



Unfortunately, we have not met our performance commitment target for this metric. Our recovery plan operationally is currently targeting a ramped up approach in 2023/24 and 2024/25, although this will be largely dependent on the demand. As the housing market has cooled, due to economic factors outside of our control, we are focused on improving our 'free Meter option' scheme. To do this we have introduced a team targeted on the promotion of metering underpinned by the "Cheaper with a Meter" campaign. Customer engagement is increasing the opportunity to meet and discuss challenges such and private side leakage and home efficiency as well as signing up for a water meter.



The percentage of properties that are registered as void has reduced slightly and remains below the targeted level. We have focused resource when necessary throughout the years to ensure we keep the number of void properties to a minimum. This has resulted in the stable result.

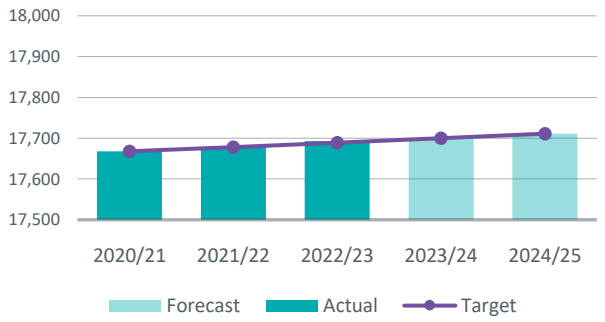
We remain on track to deliver against this performance commitment to the end of the period.

Protecting the environment

Minimising our impact on the world around us and taking steps to protect and enhance it where possible.

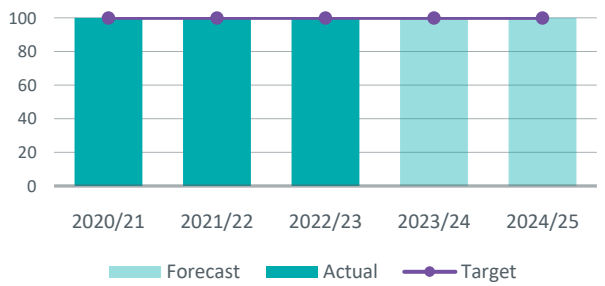
Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Biodiversity – Index	Number	17,668	17,678	17,693	17,700	17,711
Waste Water Disposal compliance	%	98.0	98.0	98.0	99.0	100.0
Raw water quality of sources	Number	155	239	394	427	531
WINEP – programme compliance	%	100.0	100.0	100.0	100.0	100.0
WINEP – programme delivery	Text	Met	Met	Met	Met	Met

Biodiversity index



The Biodiversity Index target has been achieved each year of the 2020-25 period so far. Throughout the reporting year of 2022/23, Bristol has used investment and resource to ensure asset maintenance, safety, and condition. This work has prevented the deterioration of habitat conditions and ensured natural assets continue to provide multiple ecosystem services such as biodiversity, recreation, and water quality.

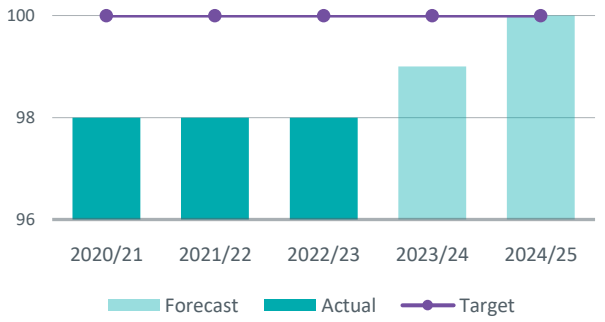
Water industry national environment programme compliance (%)



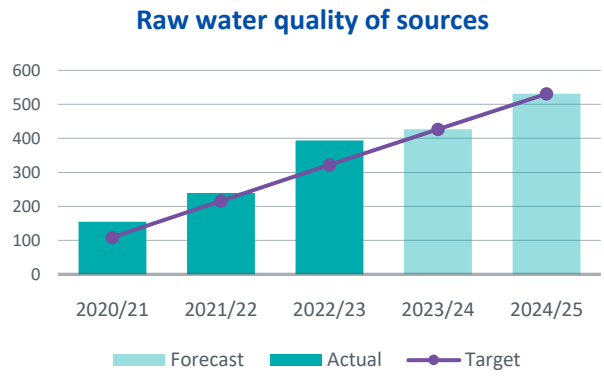
Work to deliver our WINEP obligations and projects has progressed well throughout the first three years. As a result, we have achieved 100% compliance against WINEP during 2022/23 as it had done in the first two years of the period.

Similarly, we have delivered the schemes and met targets each year for programme delivery.

Waste disposal compliance (%)



There have been nine compliance failures reported in 2022/23, compared to six failures in 2021/22. The end of year figure is 98%, consistent with previous years. This is marginally below our target performance of 100%, which we expect to achieve by the end of the AMP.

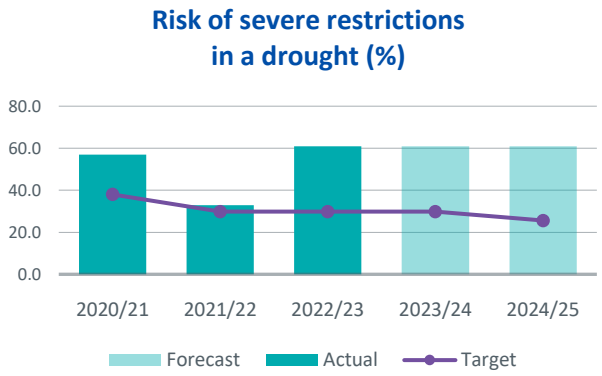


In line with our work with farmers in our water supply catchments over the course of the first three years, the annual loss of phosphorus from the land into the water environment will now be reduced by 394kg. This has been achieved by providing advice to farms, for example around soil and nutrient management, and by supporting farms to improve their infrastructure where this will reduce pollution risk, for example by improving slurry storage capacity.

Resilience

Making sure our water and wastewater services are resilient to a range of risks and we are able to respond quickly and effectively to extreme events.

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Risk of severe restrictions in a drought	%	56.9	32.9	60.9	60.9	60.9
Glastonbury street network resilience	Number	0.0	0.0	0.0	0.0	0.0



This performance commitment represents the percentage of the population that would experience sever supply restrictions in a 1 in 200 year drought. The 25 year average customers at risk in the Bristol area was assessed in 2022/23 as 60.9% of the 25 year average total population at risk.

2022/23 was assessed as a 'dry year' using the summer rainfall and temperature data from June to August. It must be noted that although this metric shows a proportion of customers at risk of severe drought restrictions, this did not occur during the drought year of 2023 and the Bristol system continued to operate in business as usual mode with no restrictions to customers of any kind.

Glastonbury Street Network Resilience

This performance commitment relates to our investment plans to introduce a new 8.4 km length of 450 mm diameter main that would connect Wells to Glastonbury and Street in Somerset.

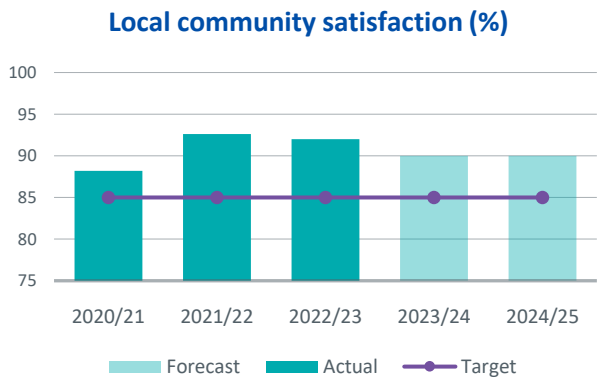
Reliability of water supply is a top priority for our customers. The Glastonbury and Street zones are supplied from Cheddar TW via a considerable length of "Critical Main" for which there is no redundancy. This project will ensure that a population of approximately 28,000 have resilience of supply by providing an additional route of supply to Windmill Hill Reservoir, maintaining the supply of water to Glastonbury and Street in the event that the main supply route is lost or compromised. It also ensures that those customers in Glastonbury and Street would be at a significantly less risk of experiencing water supply interruptions of over 24 hours.

The scheme was delivered by March 2023. In line with both specific final determination procedures required for this metric and our programme of external assurance for all performance commitment measures, this measure was audited by Jacobs. In line with the final determination for 2020-25, we will submit a third party assurance report as part of the PR24 price review process.

Benefiting the community

Having a positive long-term effect on people and quality of life in the region.

Performance commitment	Unit	2020/21	2021/22	2022/23	2023/24 Forecast	2024/25 Forecast
Local community satisfaction	%	88.2	92.6	92.0	90.0	90.0
Abstraction incentive mechanism	Number	N/A	N/A	N/A	N/A	N/A



Our local community satisfaction target recognises the importance of working together with local stakeholders to tackle jointly the issues which the city faces. For us this means challenging ourselves on the way that we work to deliver a safe and reliable supply to customers, so that we can maximise additional economic, environmental and social value. This approach is underpinned by our social contract, which provides the framework and governance process for the delivery of this wider public value. The process is overseen by the Board and is independently challenged through designated quarterly meetings with our stakeholder panel, known as the Bristol Water Challenge Panel.

In the 2022/23 survey, 92% of the social contract stakeholders who completed the survey were either fairly or very satisfied with Bristol Water's contribution to the communities. This is compared to the committed performance level of 85% and our 2021/22 result of 93%

Following the results of the Local Community Satisfaction survey 2020/21, we implemented certain measures in 2021/22 to ensure both a sufficient number of responses and the satisfaction target are achieved. This resulted in a significant increase in the number of responses, which has been sustained into 2022/23.

We have outperformed our target for each of the three years in the period to date and expect to exceed our target to the end of the period.

Abstraction incentive mechanism

In the Bristol region we do not have any abstractions which have been identified as candidates for the Abstraction Incentive Mechanism, but in order to provide additional protection to the environment we have created our own measure for the area which operates on the same principles. At one of our abstraction sites in the Cotswolds, we monitor the groundwater conditions and if groundwater levels drop below our target value at the start of the year we then reduce our target abstraction level for the rest of the year. The threshold was not triggered in 2022, hence this was not an "AIM year" and we do not have a quantified reduction to report for the year

Financial Delivery

Expenditure & Efficiency

We are committed to delivering our commitments over the period and are making additional investments to go further and faster, over and above our Final Determination (FD), in a challenging environment impacted by macroeconomic pressures and extraordinary weather events.

Total Expenditure (Totex)

For the first three years of the period to date, we have cumulatively spent c.110% of our total wholesale allowance. Over the five year period South West and Bristol combined are forecast to recognise over £340m (c.113% of allowance) of additional totex against the PR19 Final Determination.

The key influences for the additional totex has been:

1. Macroeconomic pressures: such as the high inflationary environment, particularly the impact on energy prices (c.£168m).
2. Weather impacts: such as the drought conditions experienced in the South West region and our response to this, including additional water resources investment such as de-salination and repurposing quarries (c.£125m).
3. Our additional commitments to go further and faster through our WaterFit programme: investment over and above our final determination to support our commitments to the environment we operate in through our WaterFit programme (c.£45m). This is targetting improvements to rivers and seas through reducing the number of CSO releases through to 2025.

In addition to this, in June 2023 we were sucessful in receiving support from Ofwat to deliver a c.£131m accelerated delivery programme, of which c.£52m will be delivered in the current regulatory period. This investment will deliver 4 schemes including; acceleration of smart metering, improving river water quality, introducing free customer leak repairs and accelerating 15 storm overflow improvements.

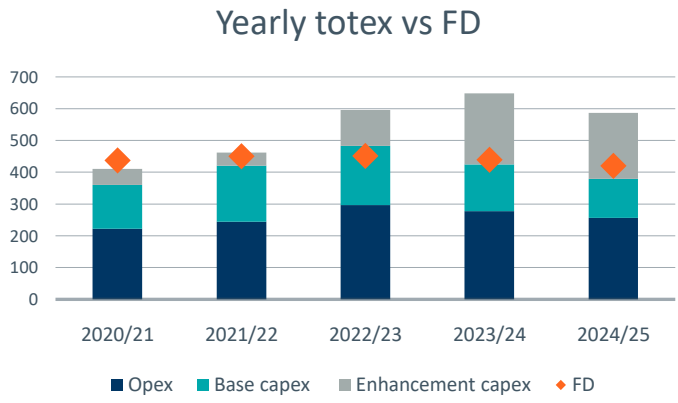
Totex performance v FD (£m)	SWW	BRL	Total
Power	157.0	11.0	168.0
Drought	125.0	0.0	125.0
WaterFit	45.0	0.0	45.0
Non underlying	10.4	0.0	10.4
Other	(16.0)	6.1	(9.9)
Total	**321.4**	**17.1**	**338.5**

Enhancement Expenditure

Enhancement expenditure represents c.20% of FD allowances and over the first three years this was below the levels assumed in the Final Determination in South West (SWB) whilst Bristol enhanced costs are 120% of allowances.

However, across water and wastewater South West has spent c.104% of our capital expenditure allowances – with many investments not originally funded through enhancement expenditure but still delivering enhanced benefits for customers and the environment:

- c.£75m on leakage reduction activities
- c.£32m on our pollution incident reduction plan to deliver our glidepath to 2025 with a third reduction achieved in 2021
- c.£14m mitigating sewer flooding – supporting our industry leading position
- c.£6m increase in 2022/23 spend to meet compliance at treatment works, flow improvements, technology upgrades at sites and enhanced maintenance across our assets, including two of our largest treatment works.



Across the five year period we are forecasting to spend more than the allowed enhancement expenditure allowances for both water and wastewater at 117% and 125% respectively, reflecting our additional commitments to improving resilience and additonal environmental commitments through our WaterFit programme. Alongside additional investment we have seen cost pressures in key areas such as the cost of construction materials for the water sector, which have showed high levels of volatility and divergence from rates of inflation, as well as the cost of labour increasing over and above inflation.

South West Water

Water Enhancement Expenditure

Enhancement expenditure in the regulatory period to date represents 75% of our allowance for water.

Over the 5 year regulatory period we are forecasting to spend 117% of our allowance. The major feature of the water enhanced expenditure programme are the two new water treatment works in the Bournemouth region to address raw water deterioration and enhance resilience.

The projects at each site are underway, the total water cumulative expenditure is lower than allowances reflecting some slight delays in works due to additional planning permission requirements, however we are still expecting to meet regulatory deadlines.

The expected five-year forecast is higher than allowances, primarily reflecting macroeconomic price pressures on our supply chain, with the two new treatment works expected to cost more than originally forecast.

Expenditure related to supply-side improvements is also significantly higher than allowances reflecting additional water resources developed and commissioned during the year. This includes purchasing and building pipelines at Porth Rialton and Blackpool pit to transport new raw water supplies to treatment works enabling additional capacity.

Water (22/23 Prices)	Year 1-3	AMP7
Driver	%	%
Abstraction Improvements	69%	136%
Eels Regulations	85%	163%
INNS	53%	71%
DW Protected areas	43%	54%
WFD Measures	170%	111%
Supply-side improvements	196%	187%
Demand-side improvements	118%	85%
Leakage improvements	0%	284%
Regional WR	0%	38%
Metering	159%	112%
Taste Odour Colour	56%	39%
Addressing RW Deterioration	79%	105%
Enhancing Resilience	50%	142%
Lead Standards	15%	82%
Security	35%	20%
IoS	68%	190%
Total	75%	117%

Wastewater Enhancement Expenditure

Wastewater enhancement expenditure in year 3 significantly increased with 130% on specific enhancement programmes in the year bringing the cumulative total to 62% over the three years.

This is lower than the enhanced expenditure forecast in the Final Determination largely a result of timing of delivery against an updated Environment Agency delivery profile:

- Flow to Full treatment – 6 improvements to date, with 15 required by 2025. Agreement with the EA for flow requirements was delayed and some sites have required significantly higher investment than planned
- Storm Tank Capacity – agreeing size of tanks with the EA was later than planned. We have delivered 19 schemes in 2022/23 – increasing storage by c.30% above EA levels as part of our WaterFit plans with 58 schemes targeted to 2025.

- Spill frequency – bathing and shellfish water improvements – accelerated bathing water schemes in year 1 & 2 delivered efficiency in these areas. Investment requirements at two remaining sites in years 4 & 5, as well as Exmouth significantly increases spend required ahead of allowances due to scale of intervention
- P Schemes / Sanitary parameters – investigations were required to assess the right solution for each site – including using nature-based solutions (such as reed beds) and new innovation – iPhyc was trialled to see if an algae solution could be used. 4 schemes have been completed with 33 on track for 2025.

We have delivered efficiencies and savings across the programme in the first two years which has enabled investment in other areas including our WaterFit programme.

Our enhancement expenditure is ramping up further and we expect to deliver, 104% by 2023/24 and 125% by 2024/25, ahead of wastewater allowances over the 5 years, reflecting the catch up of expenditure on the re-profiled schemes in addition to the extra investments we have committed to over the Final Determination.

Wastewater (22/23 Prices)	Year 1-3	AMP7
Driver	%	%
Conservation drivers	5%	4%
EDMs & flow monitoring	172%	143%
Flow to full treatment	60%	152%
Storm tank capacity	52%	201%
Reducing spill frequency	84%	125%
Chemical removal and monitoring	13%	13%
Phosphorus removal	50%	128%
Reduction in sanitary parameters	8%	91%
Investigations	131%	108%
Enhancing resilience	35%	24%
Green recovery	70%	94%
Other	49%	102%
Total	**62%**	**125%**

2020-25 Reconciliations

K7 performance is reflected in adjustments directly in revenue over the 2030 period and through opening adjustments to RCV.

We have provided reconciliations for both South West (SWB) and Bristol (BRL) individually, as well as a combined view of the two companies.

For South West and Bristol combined we are recognising c.£660m of 2020-25 reconciliation adjustments. Under the PR24 methodology the adjustments are split £213.0m and £447.5m between revenue and RCV adjustments respectively.

SWB & BRL combined reconciliation adjustments (£m)			
2022/23 prices	**SWB**	**BRL**	**Total**
ODI	25.4	(2.3)	23.1
Totex	369.3	13.7	383.0
Financing	185.7	24.2	209.9
Revenue	(22.6)	15.3	(7.3)
PR19	45.4	6.4	51.8
Total reconciliation adjustments	**603.2**	**57.3**	**660.5**

ODIs

The ODI performance model determines the ODI payments that have been accrued by companies' yearly performance set against the PR19 Final Determination for each company.

For both South West and Bristol there have been penalties and rewards over this period. Key end of period adjustments include; bathing waters and biodiversity in South West, and meter penetration in Bristol.

Adjustments for the in-period revenue ODIs are made within the years, the expected performance for 2023/24 and 2024/25 are recognised in PR24.

Based on the current ODI forecast, a net reward is added to SWB RCV whilst a net penalty is added for BRL.

Additionally, our C-MeX and D-MeX performance over 2020-25, above, will result in a net penalty for SWB for the period (currently ranked 12th in the industry for C-MeX and 11th for D-MeX), with BRL reflecting a reward (being ranked 6th in the industry for C-MeX and 4th for D-MeX).

Totex

During the period a large proportion of our additional totex expenditure has been influenced by macroeconomic pressures, such as the high inflationary environment, particularly the impact on energy prices, as well as a number of additional external factors, such as the drought conditions experienced in the South West and our response to this, including additional water resources investment such as de-salination and repurposing quarries.

Recognising the affordability pressures for PR24 on customer bills and to balance financeability, we are proposing that certain reconciliation adjustments, totalling c.£130m, that would have been split between RCV and revenue are 100% allocated to RCV, reducing the impact on customer bills over the next 5 years.

We are also reflecting a Green Recovery RCV adjustment which takes into account the additional investment agreed in July 2021 across the five projects in SWB.

See above for more information on our Green Recovery performance.

In addition to this, in June 2023 we were sucessful in receiving support to deliver an accelerated delivery programme, of c.£52m will be delivered in the current regulatory period and added to RCV. This investment will deliver 4 schemes including; acceleration of smart metering, improving river water quality, introducing free customer leak repairs and accelerating 15 storm overflow improvements.

Higher volumes of connections, both over the period to date and forecast to the end of the period, to our water and wastewater services for South West and water services for Bristol has led to additional revenue adjustments for developer services when compared to the PR19 Final Determination.

We are also recognising adjustments to RCV in regards to the WINEP (our environmental investment programme) to account for the impact of regulator decisions on the scale of companies' environmental enhancement programmes where this differs from the assumptions made at final determinations.

For SWB, one major scheme was relating to Pelynt sewage treatment works where the regulatory requirements set by the Environment Agency to reduce Tributyltin, Triclosan and other trace chemicals at the site, as well as six eel screen investments.

For more information on our Totex position, please see above.

Financing

The greatest proportion of our financing adjustments is a result of the RPI-CPIH wedge observed over the price control period compared to the RPI-CPIH wedge included in the final determination.

The PR19 FD RCV and revenue is based on CPIH inflation forecasts. However as 50% of the opening RCV is indexed to RPI (which is defined in the model as CPIH + wedge) a true-up is made to account for the changes in the RCV value where the actual wedge varies from the forecast.

As inflation has been significantly higher than forecast at PR19, the adjustments are additive to RCV and revenue for both SWB and BRL.

At FD19, the adjustment to RCV to take account of IFRS16 changes to leases was not reflected for SWB. Ofwat subsequently confirmed that this would be added to RCV at PR24.

Additionally, the introduction of super-deductions, applicable for years 2021/22 and 2022/23, since the publication of the PR19 FD has resulted in key changes to capital allowances whilst the headline corporation tax rate did not reduce to 17% as expected. These have been reflected through the tax-true up model.

SWB was awarded Fast Track status for PR19 and received an additional 10 bps on RORE which was allocated to RCV, resulting in an adjustment to the PR24 opening balance.

Revenue

Across the industry the pandemic has fundamentally changed how, when and where customers use water and has made setting tariffs more uncertain, with people spending more time at home.

The Revenue Forecasting Incentive (RFI) is a symmetric revenue adjustment applied to reconcile the revenue under- or over-recovery of revenue accumulated as at March 2025.

For SWB there has been over-recovery, and thus a revenue pass back results for PR24. For BRL there has been a voluntary abatement of revenue allowances, meaning under-recovery in period and additional revenue collection for PR24. The net position of SWB and BRL results in an overall pass back of revenue over the period to 2030.

PR19

We have also recognised a number of PR19 blind year adjustments for both SWB and BRL. These take in to account actual performance compared to forecast in the final year (blind year) of the 2020-25 regulatory period. These adjustments included totex, ODIs, land sales and other small adjustments.

For SWB we have recognised blind year adjustments to RCV for:

- Totex (adding to RCV),
- Land sales (adding to RCV),
- ODIs (reducing RCV),
- and other smaller adjustments (reducing RCV).

For BRL we have reconginsed blind year adjustments to RCV for:

- Totex (adding to RCV),
- Land sales (reducing RCV),
- and other smaller movements (reducing RCV).

More information is included in our Past Delivery data table commentaries.

Statutory & Regulatory Obligations

Throughout the regulatory period, the Board of South West Water has overseen a well established and effective set of policies and processes covering corporate governance, internal control and risk management.

In line with Ofwat's Regulatory Reporting requirements, we prepare an annual risk and compliance statement which details the South West Water Board's approach to governance, and compliance with its obligations to stakeholders.

This has resulted in compliance with all statutory, legislative and regulatory obligations throughout this regulatory cycle.

Statutory obligations

We have a number of statutory obligations including those detailed within the Water Industry Act, the Companies Act, the South West Water Licence, and the Competition Act. Since privatisation, the company has developed and established processes and procedures for ensuring obligations are adhered to in all material aspects.

Compliance with obligations and performance against targets are outlined through our routine regulatory reporting. Each year our performance is summarised openly and transparently within our Annual Performance Report.

For more information see

Annual Performance Report 2023

Company Performance

South West Water monitors and controls the performance of the Company against the targets and expectations within the Final Determination and statutory obligations by:

- Setting targets and reviewing performance against key levels of performance indicators and financial measures on a monthly basis at Board and Executive Management level
- Implementing Investment Planning & Control procedures to ensure that the principles of proper financial control are applied throughout the inception, evaluation, implementation and handover of capital investment
- Encouraging a culture of openness, where issues can be openly discussed, continuing to support a 'Whistleblowing' policy. Performance against targets is measured and reported using key performance indicators which are aligned with those highlighted in the Annual Performance Report

Where performance is below targets or expectations we have published action plans to deliver improvements in our performance – including delivering enhancement expenditure to 2025 that exceeds the Final Determination allowances whilst delivering our statutory obligations.

For more information see

Performance Update & Action Plan

Customer expectations

We have developed approaches and appropriate processes for engaging with customers to ascertain priorities and expectations. We continually gather customer feedback and engage with our customers in order to understand their expectations. We have considered how communications adhere to Ofwat's information principles with the aim of ensuring information is accurate, transparent, clear, accessible and timely.

Board transparency and governance

The South West Water Board is dedicated to developing and improving the governance structures and activities in accordance with best practice and Ofwat's Board Transparency and Governance requirements.

In accordance with Ofwat's principles on board leadership, transparency and governance, separate Boards are maintained for Pennon and South West Water including Bristol Water following licence consolidation.

Our system of governance remains appropriate and effective, while continuing to support the delivery of our strategy. Our Board and Committee framework also allows us to remain efficient in our decision-making processes. The South West Water Board convenes on the same day as each Pennon Board meeting and considers all key relevant issues. This arrangement allows full operational oversight and governance by the Board of South West Water over the interests of its water business, while the Pennon Board continues to focus on strategic forward-looking matters for the Group as a whole.

Our Annual Performance Report set out how we comply with each of the Board leadership, transparency and governance principles (pages 48-49).

Regulatory Investigations

On 28 June 2022, Ofwat announced that South West Water would be included alongside five other companies who received formal notices in March 2022 as part of its ongoing investigation into how water and wastewater companies manage their flow obligations at wastewater treatment works.

On 23 May 2023, Ofwat announced an investigation into South West Water's 2021/22 operational data relating to leakage and per capita consumption. This operational performance data was reported in South West Water's 2021/22 Annual Performance Report. That report was subject to rigorous assurance processes including independent external technical assurance.

Both of these investigation processes are ongoing, and we continue to work openly and constructively with Ofwat to comply with these formal notices issued to South West Water as part of these investigations, trusting in the regulatory process.

Customer Research & Engagement

Our New Deal plan gave customers a stake and a say in our business, as we looked to change the nature of our engagement with customers, ensuring they could hold us to account.

We have delivered this change through our innovative WaterShare+ programme and our ongoing customer engagement and research.

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. We do this through our everyday interactions with our customers, our ongoing tracking research, our dedicated research following any significant service events, our four phased business planning programme of research and our public consultations on key investment areas.

Every day we engage with our customers through the many interactions we have:

- Day to day contacts
- Bills
- Newsletters
- Social media
- Voice of the customer surveys
- Tracking satisfaction surveys
- Research events and community events
- Public WaterShare+ Customer Advisory Panel meetings

A sector in the spotlight

Over the last 12 to 18 months the spotlight has been on the water sector – from the news, social media, or family and friends.

Some customers have heard an awful lot and are deeply disappointed, for some it's more peripheral information and their views are not much changed about us.

Whilst many customers are satisfied with the service they receive and content for us to deliver progressive changes each year, some customers look forward and worry about what 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. Or worry about their finances, and what will happen to bills and their ability to afford their water bill as we invest more in the future. **And throughout we have been listening – to everything that has been said.**

Diverse engagement

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.

Through focus groups and workshops, online, telephone 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.

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.

Views on current performance

Drinking water quality is our customers main priority and the vast majority of customers tell us they are happy with what they currently receive and that they are not surprised that 99.97% of water quality meets the stringent standards – rightly so, **water quality is seen as world class**. We are expected to fix local issues as we find them, such as discoloured water or lead pipes, but overall, this is an area customers overwhelmingly recognise we perform well and we must protect the best for the future.

Despite very positive views about water services today, the concerns about **water resources** and whether there will be enough water in the future are growing – whilst historically customers considered climate change more of a flooding risk issue – now customers see the biggest risk of climate change as having hotter and drier summers that we will need to prepare for.

It is a big ask to get people to use less water – some say tell us how to do that and we will, but others think water is ultimately recycled and if we are responsible and store more and leak less – this would not be an issue. There is more to do to help people understand how precious water is and will be in the future.

There is low awareness of the large leakage reductions over the last twenty years, and it is still seen as a waste of water and money. There is low awareness that up to one third of leakage is theirs. And ultimately, we need to continue to reduce leakage – especially visible leaks – if we're going to get people to use less water themselves.

Our performance on pollution and overflows is not seen as good enough.

Whilst the majority of our customers believe the water in their local area is good, there's widespread views that overall water quality across the region must be poor given the widespread coverage that only 14% of rivers meeting good ecological status, and beaches are reportedly routinely impacted by sewage and pollution run-off.

Many customers either remember or are familiar with the Clean Sweep programme. They know that that was a very expensive programme to install wastewater treatment across the region and query if we kept that going, did we let things go backwards, and are they now having to pay again for improvements previously made.

The EA EPA adds to the concern. Customers tell us that for them, this includes some of the most important environmental measures, so it's not acceptable to fall behind the rest of sector.

So, there is some surprise in our research sessions when customers hear 100% bathing waters meet the stringent standards, that our water operations are only responsible for 12% of the reasons that rivers do not make good ecological status in our region (RNAGs), and that we are sector leaders for internal sewer flooding.

The impact of low flow rivers remains little understood, whereas customer awareness of what the impact of sewage in rivers can be is much greater. This is despite both water abstraction and storm overflows having similar impacts on river health (as measured by RNAGs). This means, it is less obvious to people why they need to use less water.

Freeze/thaw

Severe cold weather between 16th and 23rd December 2022 led to around 9,000 customers potentially experiencing a supply interruption. We engaged 10% of these to understand their experiences and identify any lessons we could learn to improve our response to these types of incidents. Although the change in temperature led to a high level of mains bursts across the region, most of the events were of a short duration.

Regionally overall customer satisfaction, and satisfaction with leakage or interruption to supplies, were only minimally impacted by the freeze-thaw events, which is consistent with most interruptions to supply being resolved within 4 hours.

Customers most badly affected included those in the Seaton area 70% of whom surveyed reported that the interruption to supply affected them seriously. 58% found the process of getting delivery of alternative water supplies was easy or somewhat easy. The time for delivery of water was a key driver for those who did not find the process easy. Of those affected, 7 in 10 contacted South West Water with a majority opting to contact by phone. Customers felt that communitations could have been improved, with more practive communication and clearly information on the time required to restore supplies.

Around 30% of customers affected self identified as being on the Priority Services Register most of whom felt that there should have been more proactive support. The majority of customers were satisfied with the approach to compensation.

The engagement provided a clear set of recommendations for improved responses – including increased call cnetre resorucing at the start of events given customers preferred contact route of the phone. And a focus on proactively contacting Priority Services Register customers.

Carland Cross

There was a serious event in 2021 at Carland Cross affecting the water supply of around 27,000 properties in West Cornwall. This was caused by damage to both a major water main and the back-up main by a third-party contractor laying an energy cable. We undertook bespoke research to understand the views of customers affected. A vast majority of these customers felt we handled the event in an acceptable manner and the results show the approach taken by us was an improvement on the previous large event, especially in terms of the communications.

Drought

The drought has necessitated temporary use bans (often known as hosepipe bans) in the Colliford supply area since August 2022 and across parts of Devon supplied by the Roadford reservoir since April 2023. We have undertaken programmes of research to understand the impact of the drought on customers and help us to shape communications, to understand the best way to work together with customers to preserve supplies in extreme conditions.

Expert customer researchers have surveyed 300 cutomers in the Roadford area, half online and half by phone to ensure a range of views were captured. 77% of customers in the Roadford area find our handling of the situation acceptable. Trust and confidence is largely unaffected by the Roadford water resource situation, with 67% of customers unchanged in their views, typically driven by the view that restrictions were needed.

"I really liked the reward for 'saving' water for Cornish reservoirs recently. There was local advertising that if residents of Cornwall were able to collectively restore an adequate level of Collisford lake, if we could bring it up to the required level, everyone would get a financial reward. And I think it was like £30 or £40 or so, and that was nice."

Female, 18-45, South West Water

Stop the drop

We launched a first of its kind innovative customer incentive scheme in November 2022 when we asked everyone in Cornwall to come together to help stop the drop in reservoir levels. We provided an Incentive offering £30 off bills if Colliford Reservoir reached 30% storage capacity by 31 December 2022, from a starting point of 15%. The campaign showed that customers reduced their household consumption by an average of 5% during the campaign.

We engaged expert customer research to survey 2,300 customers in the region to understand their views on the campaign. Customers are supportive of the 'Save Every Drop' campaign with 80% of customers surveyed finding our handling of the situation acceptable.

- Nearly three-quarters of customers have heard of the 'Stop the Drop' campaign and most consider the campaign to be acceptable.
- Most of the customers who are aware of 'Stop the Drop' heard about it through SWW communications and most of these customers recall the key messages.
- 76% of customers who are aware of Stop the Drop report making further water use changes.

Customers collective efforts helped increase Colliford to over 30%, and as a result all our household customers in Cornwall received a credit on their bill. This shows that the messaging around Stop the Drop was effective for customers. We have already used this Insight to continue our water efficiency campaigns.

WaterShare+

The WaterShare+ Customer Advisory Panel is an independent group of customer, business and social representatives.

The Panel is supported by expert advisors from the CCW, the Environment Agency and Natural England. All provide specialist insight and views to the Company on their areas of expertise, working with customers across the region to ensure their voices are represented. The Panel is the Independent Challenge Group for South West Water.

By inviting CCW, the Environment Agency and Natural England to directly advise and attend the Panel, it welcomes their perspectives on the evidence we have presented to the panel on our successes and challenges over the year, in an independent setting.

The Group Panel is chaired by Lord Matthew Taylor, with Peaches Golding OBE (Chair of the BWCP) serving as Deputy Chair. Both the South West Water and Bristol Water panels remain in place to continue to oversee and scrutinise their performance and delivery of operational outcomes for their respective customer groups.

The purpose of the Panel is:

- To boost customer engagement and feedback to help inform the Panel's assessment and response on our performance
- To champion the interests and needs of customers by providing an independent view on the delivery of our business plan, including our performance commitments and Board pledges
- To increase awareness of the WaterShare+ customer scheme of share ownership and a greater say in how our business is run.

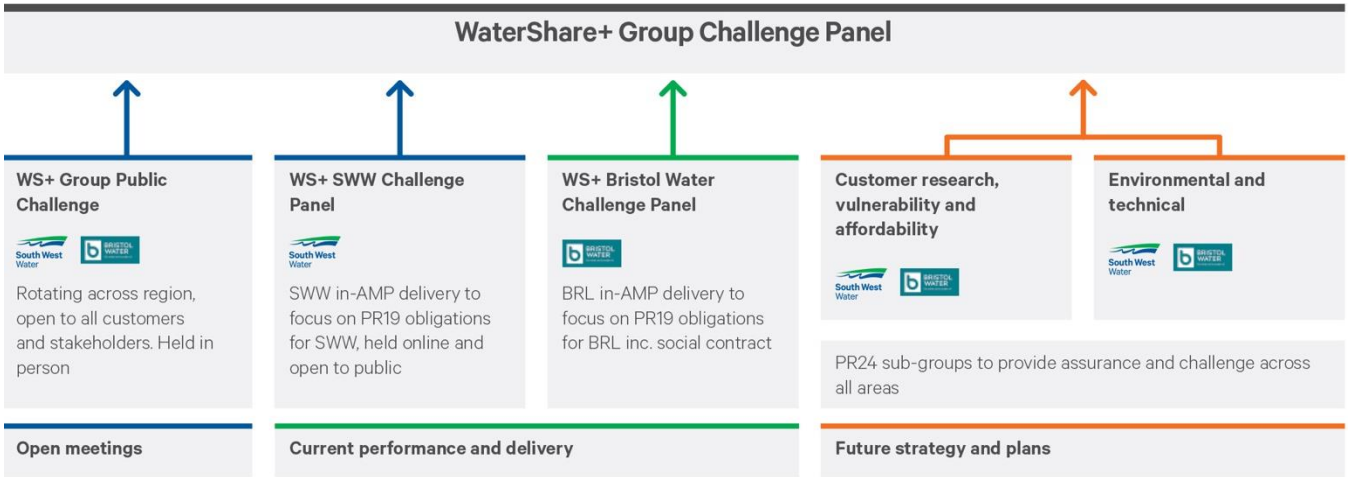
In a challenging year the Panel has been close to two of the key challenges facing the South West Water and the wider sector; drought and the impact of storm overflows on bathing water quality. The Panel have welcomed the launch of WaterFit Live and have reviewed and debated the content shared, and our future roadmap.

The Panel devoted a significant amount of time to understanding the work we undertook to respond to the drought of 2022 and ensure a resilient water supply across the region. The Stop the Drop customer water efficiency incentive, as well as the ongoing Save every Drop customer campaign to promote water efficiency and encourage action by all those in the region, has been a focus for the Panel and an important foundation for ever increasing focus on water efficiency going forward.

The Panel also oversees the operation of the company's WaterShare+ framework, and in 2022 the 2nd 'watershare' was issued; customers were given the choice of either receiving a £13 credit to their account or applying to receive shares in Pennon Group plc (the UK based company which owns South West Water). Thousands of customers took shares with 1 in 14 customers now shareholders as well as customers, across all our regions, including – for the first time those customers in the Bristol Water region. You can find out more about the WaterShare+ Customer Advisory Panel here:

Our Customers (bristolwater.co.uk)

WaterShare+ (southwestwater.co.uk)



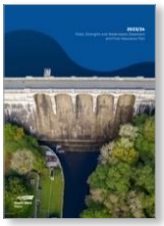
Assurance

All of our company data is subject to extensive process checks, which include both internal and external assurance.

Integrated assurance framework

Our integrated assurance framework is applied to all areas of the business, including all significant areas for assurance identified in our Assurance Plan and key projects as they arise. We use a mix of assurance methods which is reviewed by the Audit Committee, who are responsible for ensuring a robust and comprehensive internal control framework is in place to support Board assurance and compliance requirements.

Our Board recognises the importance of meeting the Company's statutory, licence and regulatory obligations and believes that the we are aware of and adequately understand these obligations and have met them in all material respects as a diligent company. Our Assurance Plan details key assurance activities that the Board will oversee and our annual reporting lays out further detail on the outcome of these assurance activities and the Board's conclusions.



For more information see

Risks, Strengths and Weaknesses Statement and Final Assurance Plan 2023/24

For our Green Recovery plan, Jacobs, our external technical ODI assurer, has provided assurance in conjunction with its 3rd party assurance programme of the performance commitment outturn as reported in our Annual Performance Report. This has included:

- An audit of our performance in respect of forecast and delivered performance commitment benefits from the Green Recovery Programme
- An independent engineering-based review of progress in respect of our five programmes
- Assurance in respect of progress in respect of completed milestones for the Knapp Mill water treatment improvements (noting the scheme is currently pending planning application approval)
- Assurance over the reporting of progress to date in the smarter, healthier homes – scheme delivery requirements.

We have sought independent review of our response to the Freeze/Thaw, and findings from KPMG. An independent review by KPMG found that we could demonstrate how we had positively responded to the lessons learned from the 2018 event, whilst identifying further lessons to be learned to improve resilience even further for future events of extreme weather. We welcome these findings from KPMG alongside our own observations.

Further assurance is being performed as part of the PR24 process, including but not limited to, the forecast of likely outturn position at the end of March 2025 for the Knapp Mill Water Treatment Works and completed milestones and likely outturn position at the end of March 2025 for the Water Resource Grid Enablement programme.

Our Integrated Assurance Framework

Continual improvement to enable future focus

We seek to continually improve in all areas of our operations. All of the performance commitments within the 2020-25 business plan are aimed at improving performance across the period or for continued excellent performance where high levels are already achieved. These performance commitments are all in customer priority areas.

Wherever possible we use the results of assurance work performed to drive continual improvement and actively seeks the opinions of internal and external assurance providers concerning improvements that can be made. Continual improvement is also a core concept of the ISO accreditations and certifications.

We have chosen to adopt and have achieved accreditation/certification against the following standards:

- ISO 9001:2015 – Quality Management Systems
- ISO 14001:2015 – Environmental Management Systems
- ISO 17025:2017 – Testing and Calibration Laboratories
- ISO 27001:2013 – Information Security Management ISO 50001:2011 – Energy Management Systems
- ISO 55001:2014 – Asset Management.

These systems comprise sets of policies and procedure to ensure we give confidence through, for example, meeting customer and stakeholder requirements, effectively handling environmental issues, systematically managing our sensitive data, ensuring business continuity, and having systems in place to manage the lifecycle of assets effectively.

The ISO standards are audited under a comprehensive programme of internal audit and a regular external audit provided by SGS, an accredited ISO certifying company. Our operations are also subject to cyclical risk based internal audits performed by the independent Pennon Group Internal Audit function, reporting to the Audit Committee. Following a significant period of external assurance activity wd have an open dialogue with the assurance providers to review the activity, to confirm its appropriateness and to seek ways of continually improving the approach and processes for future assurance.

Bristol Water integration

Prior to its licence merger in 2022, Bristol Water held ISO 9001:2015 – Quality Management Systems.

During 2023/24, as systems and processes across South West Water, including in the Bristol Water area, continue to be reviewed, we will ensure that this standard continues to be held across all areas. The scope of other the other standards held by South West Water is being reviewed with plans being developed to ensure any gaps in the Bristol Water area are addressed to ensure standards apply across all areas of our business and are effectively implemented as soon as is practicable.

Professional credentials of third parties

Jacobs

Jacobs U.K. Limited has been appointed as one of South West Water's core technical assurance partner for Annual Reporting as well as the PR24 process. Jacobs, and its predecessor companies has global experience in strategic business planning and regulation for water companies. Jacobs and through its predecessor companies CH2M and Halcrow Management Sciences Limited has been a leading provider of technical assurance services to the UK water industry since privatisation in 1989.

Jacobs's independence enables them to provide a candid and confidential service to operators, regulators, governments and banks. Their personnel all have regulatory, water and wastewater engineering, contractual and economics backgrounds and have specialist expertise in all aspects of utility regulation, diagnosis and performance assessment. With this capability, Jacobs offers a detailed appreciation of the major themes related to effective regulation with a particular emphasis on technical assurance of information through methodology and process review.

Despite changes in the regulatory environment in 2012 to a lighter-touch, risk-based, self-assurance reporting regime, South West Water, along with most companies, opted to secure the services of experienced independent technical advisors to provide assurance to its senior management, Board of Directors and parent company. This provides additional comfort of the company's continuing stewardship of these essential services, ensures customer's preferences are well considered, secures a more predictable outcome to the business planning process, helps retain suitable credit ratings and access to capital, and improve shareholder value.

Throughout the PR24 process, Jacobs have been working in partnership with South West Water to help ensure that its business plan submission receives suitable levels of independent assurance such that the senior and executive management, Board of Directors and in turn, the customer challenge groups, Ofwat and other stakeholders can be confident about the foundation of the information presented. The Jacobs team is led by Graham Hindley who is a Chartered Civil Engineer of over 25 years' experience.

EY

EY is one of the largest providers of assurance services within the UK and provides assurance to a number of water and other utility companies. It has extensive experience of both annual reporting and regulatory returns, including business plans.

We have been South West Water's (and the Pennon Group's) statutory auditor since 2014/15. As part of this engagement, we performed assurance (both audit and agreed-upon procedures) over South West Water's Regulatory Reporting each year.

EY has therefore provided assurance over historical financial data. South West Water has transposed this into its data tables. Assurance of this transpostion has been provider by other parties.

KPMG

KPMG is a leading provider of professional services, including audit and advisory solutions integrating innovative approaches and deep expertise to deliver real results. We have extensive water industry experience.

We have worked with South West Water over a number of years, acting as financial advisor at PR14 as well as reviewing retail margins, default tariffs and providing retail modelling advice.

We have provided expertise in a range of relevant areas including analysis in respect of options for direct procurement and supporting the development of South West Water's approach to trading in the Water Resources market, including reviewing South West Water's market and procurement code. This follows extensive involvement with multiple companies within the industry providing advice ahead of the opening of the non-household retail market. Our team includes members who have previously been involved in the development of market frameworks in the industry as well as policy for PR19.

Turner & Townsend

Turner & Townsend (T&T) has been appointed as one of South West Water's core technical assurance partners for Annual Reporting (focusing on asset and other technical data) as well as the PR24 process.

T&T has extensive experience in the utilities industries including with UK water operators. T&T has a deep structural knowledge of the water industry and experience of working with both private and public sector clients to drive better and more affordable solutions.

They have worked with clients in the UK to develop alliancing models and associated commercial strategies to ensure best-buy and the maximum possible return on investment. They have also worked on groundbreaking projects in dry climates to bring new technologies to bear in challenging environments.