



South Staffs Water

**SOUTH STAFFORDSHIRE WATER**  
**ANNUAL REVIEW OF THE WATER RESOURCES**  
**MANAGEMENT PLAN**

**August 2010**



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## 1 Overview

### Overview

- South Staffordshire Water published its Final Water Resources Management Plan (FWRMP) in August 2009. The FWRMP confirmed that the Company does not forecast a supply demand shortfall over the 25 year planning horizon.
- This is South Staffordshire Water's first annual review of the Final Water Resources Management Plan (FWRMP) that was published on 21st August 2009.
- This review provides an overview of the water resources situation in the year 2009/10, and it reports on progress with implementation of the FWRMP.
- This review confirms that 2009/10 was a relatively wet year and the Company had no concerns over the supply demand position.
- The outturn figures for the reported year are consistent with the figures in the FWRMP for the year 2009/10, and there is no need to change any of the forecasts within the FWRMP. The Company is confident that the supply demand balance will remain in surplus throughout the 25 year planning period.

## 2 Background

South Staffordshire Water published its Final Water Resources Management Plan (FWRMP) on 21<sup>st</sup> August 2009. All water companies are required to provide an annual review of their FWRMP before the anniversary of the publication date. This is South Staffordshire Water's first annual review. Outturn data based on the Company's annual June Return which covers the period from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 has been used to inform the review. This is consistent with the available draft DEFRA/Environment Agency guidance<sup>1</sup>.

This review is a statutory requirement of the Water Act 2003 which states that:

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<sup>1</sup> DRAFT Annual Review of Water Resources Management Plans Guidance. Environment Agency (July 2010)

*'Before each anniversary of the date when its plan was last published, the water undertaker shall-*

- (a) review its plan; and*
- (b) send a statement of the conclusions of its review to the Secretary of State*

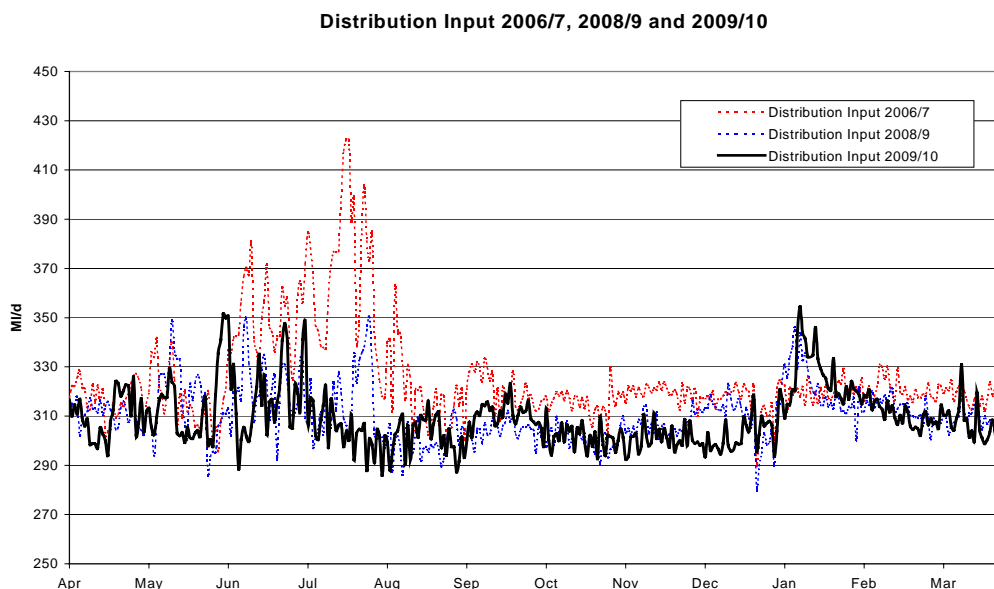
This purpose of the annual review is to identify any material changes to the FWRMP, and to report on progress made with updating and implementing the plan. The review has been undertaken using draft guidelines provided by the Environment Agency. Final guidance was not available in time for this review.

The draft guidance provided by the DEFRA/Environment Agency identifies that water companies should report on the following:

- An overall summary of the supply/demand balance situation
- Items identified by DEFRA and the EA following Statement of Response publication
- Progress with implementation of the FWRMP
- Changes to the components of the FWRMP

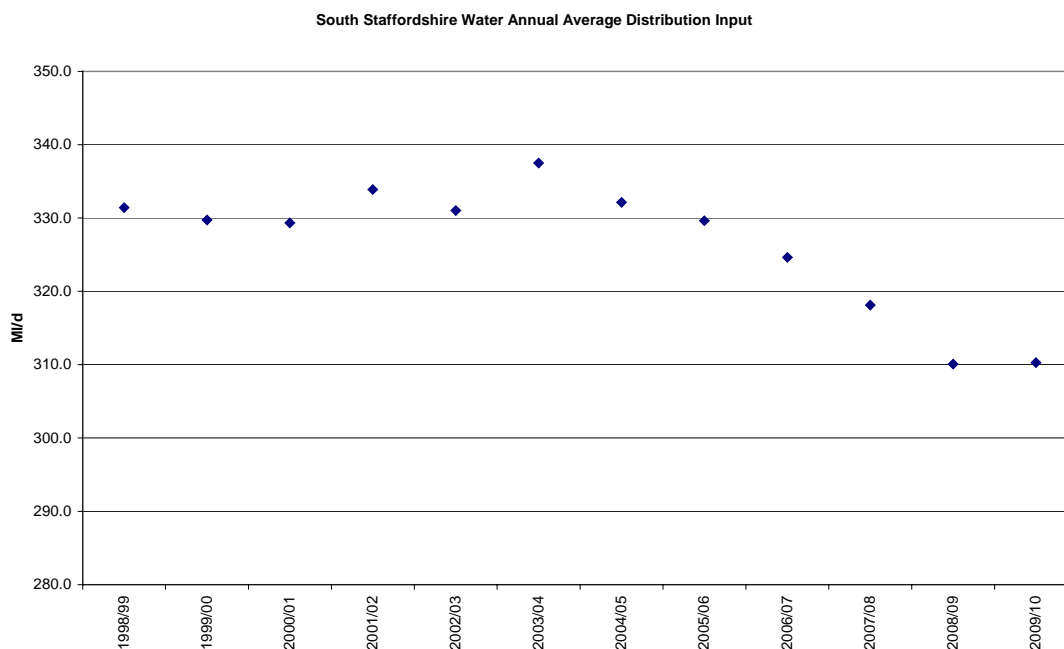
### **3 Summary of the Supply Demand Situation in 2009/10**

The daily demand profile for the year 2009/10 is shown in the chart below, along with the demand for the previous year (2008/9) and the last year with a reasonable summer demand (2006/7).



Average distribution input for the year was 310.28 MI/d with a peak week in the week ending 4th June 2009 of 339.57 MI/d.

The trend in annual average DI, between 1989 and 2010 is also shown below.

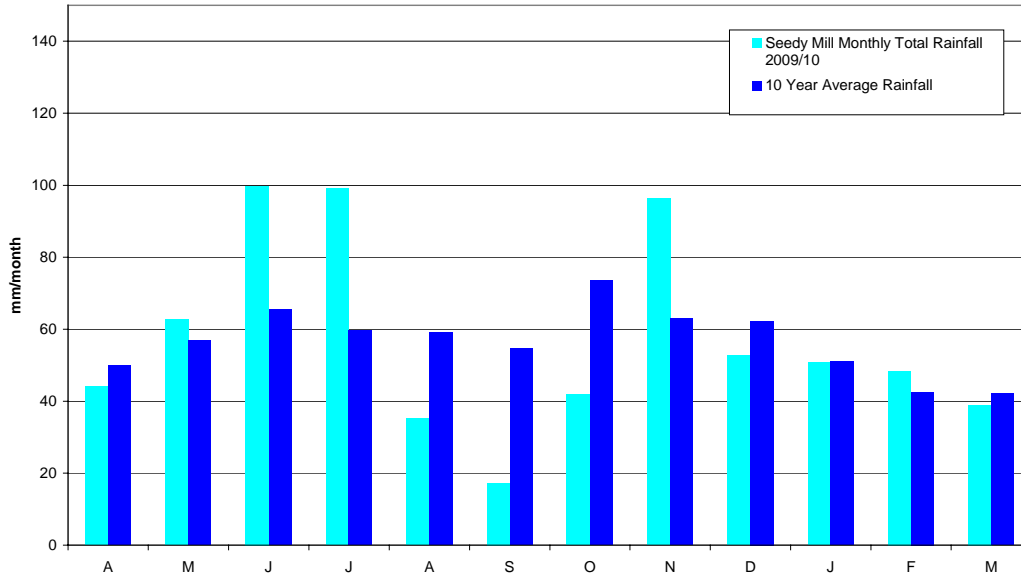


The annual average distribution input for 2009/10 was very similar to the previous year, 310.28 MI/d, compared to 310.04 MI/d in 2008/9. The peak week demand increased by 2.9 MI/d compared to last year.

Total annual average rainfall figures (measured at Seedy Mill) for 2009/10 show that overall the reported year was significantly wetter (112%) than the 10-year annual average. The year was characterised by another wet summer (similar to 2008/9) with heavy rainfall in May, June, July, and November. The wet weather during the spring and summer resulted in a fairly flat summer demand. The late summer/autumn (between August and October) was very dry, however this was not reflected in high demand, as the weather was not particularly warm or sunny and this was past the traditional garden watering period.

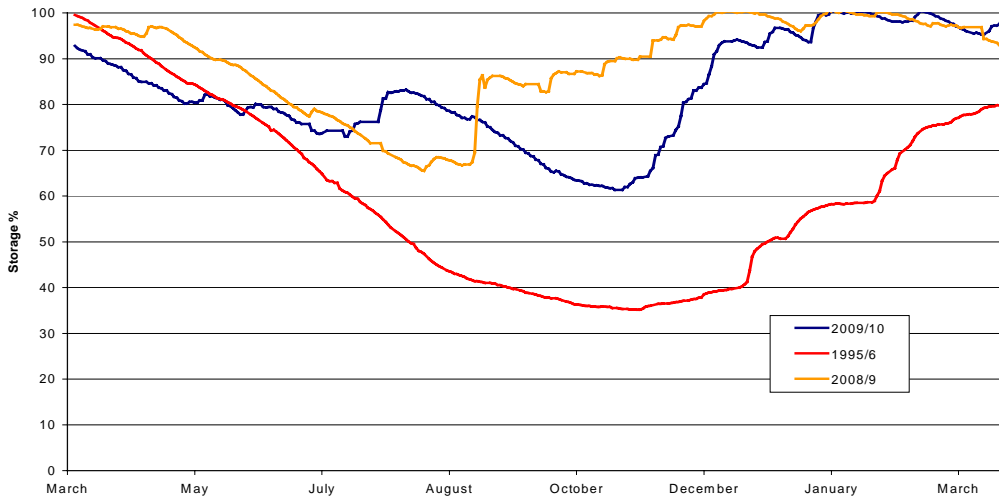
A comparison of monthly total rainfall at Seedy Mill for 2009/10 against the 10 year average rainfall totals shown below, confirmed the wetter than average summer months.

Monthly Total Rainfall Seedy Mill 2009/10 vs 10 Year Average Rainfall



Storage levels at Blithfield Reservoir for 2009/10 are shown below. The plot illustrates the effect of the wet spring and early summer on storage (with storage increasing in June/July). The dry end to the summer and early Autumn did result in more significant reservoir drawdown however the reservoir filled between October and December due to the prolonged rainfall at the end of the year.

Blithfield Storage



Overall 2009/10 was very similar to 2008/9, with a relatively wet spring and early summer, which resulted in another year of lower than average demand. As a result the Company had no concerns over the water resources position in 2009/10. A Security of Supply Index of 100 was reported in the June Return to OFWAT.

## 4 Items Raised by DEFRA and the Environment Agency

The Company published its Statement of Response (SoR) to the issues raised during public consultation on the Draft Water Resources Management Plan (DWRMP) on February 2<sup>nd</sup> 2009. DEFRA and the Environment Agency reviewed the SoR and DEFRA confirmed that the Company should publish the FWRMP. Following their review of the DWRMP the Environment Agency also identified the following items where further information was requested in the FWRMP<sup>2</sup>:

- Compliance with Directions
- Leakage
- Population and Property
- Climate Change

The Company provided further information in the FWRMP on these areas. The Company's response is summarised below.

### 4.1 Directions

**EA Comment:** 'We expect the water company to describe and provide information on the assessment of actual levels of service in relation to (i) hosepipe bans (ii) ordinary drought orders and (iii) emergency drought orders.'

**Company Response:** This issue is covered in section 6.1.1 of this report.

**EA Comment:** 'We expect the company to describe the appraisal methodologies it has used for all feasible and preferred options it is currently using and intends to continue using, and its reasons for choosing those options.'

**Company Response:** The Company identified a range of potential supply and demand management options in the DWRMP. However, the FWRMP confirmed that the Company is forecasting a surplus of supply over demand for the entire 25 year planning horizon. No options were therefore required in the FWRMP.

### 4.2 Leakage

**EA Comment:** 'The Company has not provided evidence describing the impact of increased metering on Underground Supply Pipe Leakage (USPL). A revised USPL forecast that addresses this issue should be included in the leakage assessment of the final plan.'

**Company Response:** The forecasts for supply pipe leakage reflect the switching of unmeasured properties to metered i.e. a reduction in supply pipe leakage

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<sup>2</sup> Environment Agency - Statement of Response Advice Report for South Staffordshire Water (1 May 2009)

allowance from 30.80l/prop/d to 21.66 l/prop/d for each property that becomes metered.

Each new property that is connected for water supply will be metered and has been assigned the lower metered supply pipe leakage allowance of 21.66l/prop/d reflecting the Company's policy to install meters externally.

Overall total supply pipe leakage is forecast to rise slightly across the plan period. This is because the growth in new connections and the additional supply pipe leakage which will result from these properties outweighs the reduction in supply pipe leakage due to metering of existing properties. Average supply pipe leakage allowances per measured or unmeasured property remain unchanged throughout the forecast period. Further details are provided in section 3.6.1 of the FWRMP.

### **4.3 Population and Property**

**EA Comment:** 'The population and property forecasts used have not been specified in the statement of response. The company should specify which of the most up to date Regional Spatial Strategy scenarios was used and provide additional details in the final plan.'

**Company Response:** The Company has used the latest and best available housing projections from the RSS (Nathaniel Lichfield), for each of the councils in the Company's supply area. The Company has reviewed in detail the apportionment of projected properties within council areas straddling its boundary. An additional 89,000 new household connections are forecast under the latest RSS for the period to 2026. Further details are provided in section 6.3.2 of the FWRMP.

**EA Comment:** 'The total number of households projected for 2035 has decreased from the draft plan and we would expect to see more details regarding this change in the final plan.'

**Company Response:** The Company reviewed its property forecasts for the FWRMP, including a reassessment of the latest information from the Regional Spatial Strategy (RSS). A detailed apportionment of these forecast new properties to Councils within the Company's area of supply was undertaken. The Company based its forecasts on the highest growth scenario for the RSS. Treatment of demolitions and void properties was also revised. The total number of billed households at the end of the planning period is 617,000 compared to 647,000 in the DWRMP. Further details are included in section 6.3 of the FWRMP.

**EA Comment:** 'The company has not clarified the assumptions used to produce the non-household population forecast. These should be included in the final plan.'

**Company Response:** The Company has assumed a gradual increase in non-household population over the planning period, with an overall increase in non-household population from 14,200 in 2007/8 up to 25,000 by 2034/5. This is based on the growth in properties forecast over the period, and the increase in the ageing population in care homes. An additional allowance has been made in the measured non-household population estimate to account for measured residential homes and caravan sites where site meters govern the site supply. The population estimate is derived from ONS data, based on 2001 census data, which reports the number of residents in residential care or residents living on caravan parks in Council areas. Further details are included in section 6.4.1 of the FWRMP.

#### 4.4 Climate Change

**EA Comment:** 'It appears that the Company may not have updated the climate change uncertainty aspect within its target headroom. We expect clarification on this issue in the final plan.'

**Company Response:** The Company has updated the climate change uncertainty element between the DWRMP and the FWRMP. This is described in Appendix C (S8 - Uncertainty of Climate Change on Deployable Output) of the FWRMP. These changes are very small and had no material impact on target headroom.

**EA Comment:** 'The Company should also work with neighbouring companies to ensure consistency in the climate change modelling for surface water sources using the rainfall-runoff approach.'

**Company Response:** No changes have been made to the FWRMP climate change assessment. The Company is awaiting the results of ongoing UKWIR/EA research projects on how to use UKCIP09 data. Once these are complete we will be consulting in detail with neighbouring companies and the EA on the way forward.

### 5 Progress with Implementation of the FWRMP

The FWRMP demonstrates that the Company does not forecast a supply demand shortfall over the 25 year planning horizon, therefore no supply or demand interventions are necessary.

Progress on items such as sustainability investigations, and outturn figures for individual components such as leakage and metering are described in section 6 below.

## 6 A review of the Components of the FWRMP

The draft DEFRA/Environment Agency Guidance for the Annual Review of Company Water Resources Management Plans identifies a range of items that should be reported against. The Company has reported on all items identified by the guidance as a 'requirement'. Items identified as 'requirement triggered by change' have only been reported on where there has been any change to the FWRMP.

The full list of items identified within the draft guidance are included within the following tables. Where changes have been made or where there is a requirement to report outturn information, then additional commentary is provided.

### 6.1 General Issues

#### Items Identified for Review in the DEFRA/EA Guidelines

General	Item	Review Criteria	Summary of Company Review
Water resources zones	<ul style="list-style-type: none"> <li>▪ Any changes to boundaries</li> </ul>	Requirement triggered by change	There have been no changes to the Company boundary
Level of service	<ul style="list-style-type: none"> <li>▪ Actual level of service for the year</li> </ul>	Requirement	See section 6.1.1
	<ul style="list-style-type: none"> <li>▪ Any changes to the proposed target level of service</li> </ul>	Requirement triggered by change	There are no changes to the target levels of service identified in the FWRMP

#### 6.1.1 Actual Levels of Service

The Company' planned level of service is 1 in 40 years for a hosepipe ban, and 1 in 80 years for a non essential use ban. This planned level of service is used to define deployable output within the FWRMP. The Company has not calculated an actual level of service for the year 2009/10 as there is currently no recognised method to do so. However, given the wet year, and the relatively low demand, the Company's actual level of service for the outturn year must be greater than 1 in 40 for a hosepipe ban and 1 in 80 for a non essential use ban.

As stated in section 2, the Company has reported a Security of Supply Index of 100. This index confirms that if the year had been a dry year, the Company would have maintained a surplus of supply over demand.

## 6.2 Supply

### Items Identified for Review in the DEFRA/EA Guidelines

Supply	Item	Review Criteria	Summary of Company Review
Deployable output	<ul style="list-style-type: none"> <li>Any changes to deployable output</li> </ul>	Requirement triggered by change	There have been no changes to deployable output
Outage	<ul style="list-style-type: none"> <li>Explain reasons for any outage incidents and any work being done to reduce outage</li> </ul>	Requirement	See section 6.2.1

### Items Identified for Review in the DEFRA/EA Guidelines

Supply	Item	Review Criteria	Summary of Company Review
Bulk supply	<ul style="list-style-type: none"> <li>Explain any changes to bulk supply agreements</li> </ul>	Requirement triggered by change	There have been no changes to the bulk supply agreements identified in the FWRMP
Sustainability reductions	<ul style="list-style-type: none"> <li>Detail any alterations to the sustainability changes required. (changes to <b>existing</b> definite sustainability changes or <b>new</b> definite sustainability changes)</li> </ul>	Requirement triggered by change	See section 6.2.2
	<ul style="list-style-type: none"> <li>Report on progress with implementation of sustainability changes.</li> </ul>	Requirement	See section 6.2.2

### 6.2.1 Outage

The Company has collated data from its available records of actual planned and unplanned outages for the year 2009/10.

The reported Dry Year annual average outage figure is 2.89 MI/d, this compares to a Dry Year planning figure of 10.9 MI/d which was modelled for the PR09 FWRMP using data from 2001 - 2006. The relatively low actual outage figure for 2009/10 is a reflection of the smaller capital programme at source stations in this report year, and hence the lower level of planned outages compared to the modelled figure in the FWRMP.

The reported Peak Week outage figure is 12.0 MI/d, this compares to a Peak Week planning figure of 7.05 MI/d which was modelled for the PR09 FWRMP. The reported outage figure for peak week (week ending 4th June 2009) was higher than the modelled figure, because planned outages (engineering work) at 3 groundwater stations were slightly delayed and extended into June. The Company maintained a surplus in the supply demand balance for peak week in 2009/10. The Company is confident that future planned work will be managed to ensure that the peak week outage remains in line with planning figure used in the FWRMP.

## **6.2.2 Sustainability Reductions**

The Company has completed the investigations that were originally identified by the Environment Agency at the Checkhill Bogs SSSI, consisting of hydrometric monitoring and an environmental assessment. These investigations suggest that the Company's groundwater abstractions are one of a number of contributory factors affecting the status of the SSSI. The Company constructed an observation borehole at the site in 2008 and in 2009/10 it has undertaken an options appraisal of the options that could potentially be implemented to improve the status of the site.

The appraisal has been reviewed and discussed at two meetings with Natural England and the Environment Agency. The broad consensus of the Company, the EA and Natural England is that:

- the option to cut back groundwater abstraction to restore regional groundwater levels is too costly, and too uncertain
- the option to provide local groundwater input is technically very risky, and there are concerns over sustainability
- the only option that merits further consideration is the management of surface water flows
- the condition and management of the dam within the middle of the SSSI is fundamental to understanding whether a surface water management option is workable

Further investigations into the dam structure are proposed, and feedback is being sought from the landowner on the option appraisal.

The Environment Agency identified a 2 MI/d reduction in deployable output for South Staffs Water in their National Environment Programme (NEP) for the FWRMP. This reduction was included in the FWRMP, in the year 2014/15. The option appraisal work undertaken by the Company now suggests that this reduction is unlikely to be required, however the Company is taking a conservative view and no change has been assumed to the plan so far. This position will be updated in the next annual review of the FWRMP.

The removal of the requirement for a 2MI/d reduction in deployable output would further increase the Company's surplus in the supply demand balance. Since no replacement schemes or interventions were required it does not require any changes to proposals.

## 6.3 Demand

### Items Identified for Review in the DEFRA/EA Guidelines

Demand Issue	Item	Review Criteria	Summary of Company Review
Demand forecasting	<ul style="list-style-type: none"> <li>Highlight and explain any changes to the demand forecast. Give details of any change to the data-set used</li> </ul>	Requirement triggered by change	There have been no changes to the demand forecast in the FWRMP
Per capita consumption (pcc)	<ul style="list-style-type: none"> <li>Highlight and explain actual pcc over the year.</li> </ul>	Requirement	See section 6.3.1
	<ul style="list-style-type: none"> <li>Explain any change to the forecast pcc</li> </ul>	Requirement triggered by change	There have been no changes to the forecast pcc in the FWRMP
Metering	<ul style="list-style-type: none"> <li>Provide an update on progress with household metering (please distinguish your baseline metering from any included as an option)</li> </ul>	Requirement	See section 6.3.2
Leakage	<ul style="list-style-type: none"> <li>Provide an update on progress with leakage reductions (please distinguish your baseline leakage reductions from any included as an option)</li> </ul>	Requirement	See section 6.3.3
Water efficiency	<ul style="list-style-type: none"> <li>Provide an update on progress with water efficiency initiatives (please distinguish your baseline water efficiency initiatives from any included as an option)</li> </ul>	Requirement	See section 6.3.4

### **6.3.1 PCC for the Year 2009/10**

Unmeasured per capita consumption (uPCC) is derived using data from the Company's small area consumption monitor which is fed into a pcc estimating model developed in conjunction with Tynemarch. The consumption monitor has been developed according to industry best practice and it has been regularly audited by the Company Reporter, for OFWAT as part of the annual June Return process.

An additional 22 DMAs have been added to the overall monitor in 2009/10 giving a total of 105 areas that are available for inclusion in the overall analysis. The inclusion of these additional areas has made very little difference to the derived uPCC values (<0.4 l/h/d) , confirming the robustness of the monitor.

Unmeasured per capita consumption (excluding supply pipe leakage) for the year 2009/10 was 139.22 l/h/d. This compares to a dry year uPCC for 2009/10 in the FWRMP of 153.32 l/h/d.

Measured per capita consumption (mPCC) is derived directly using billed measured consumption data. Measured per capita consumption (excluding supply pipe leakage) for the year 2009/10 was 131.72 l/h/d. This compares to a dry year mPCC for 2009/10 in the FWRMP of 137.84 l/h/d.

The lower pcc values are a reflection of the wet spring and early summer during 2009/10 and these are within the expected range of variability for pcc values.

Therefore the outturn pcc figures do not necessitate any changes in the pcc's in the demand forecasts in the FWRMP.

### **6.3.2 Household Metering in 2009/10**

The Company continued to operate a number of metering policies in line with the 2009 Business Plan submission. These policies are:

- Change of occupier metering project to develop a system prior to full implementation in 2010/11.
- Free meter policy – domestic and commercial customers can opt for a meter free of charge with a 12 month reversion period for domestic customers.
- New supply policy – all new household and non-household properties must be metered.
- Sprinkler metering policy – domestic customers wishing to use unattended garden watering devices must be metered.
- Development of Seasonal Tariff trials for implementation from 2010/11.

The aim of the overall metering strategy is to increase the rate of meter penetration in line with the water resource and supply and demand balance forecasts in the 2009 Water Resource Management Plan. Increased meter

penetration will ultimately enable more effective development and implementation of seasonal tariffs. This is consistent with the Company's medium term strategic view that the value of water should be demonstrated through price signals.

### **Sprinkler metering**

During the report year there was no selected metering of unmetered sprinkler use. The higher than average summer rainfall and cooler summer meant that there was generally little need for garden watering and so leaving the Company with no opportunity to identify unmetered sprinkler use.

Because of the lack of opportunity to promote the Company's sprinkler metering policy media messages and Company literature focused on general water efficiency and how to reduce waste. However, wherever appropriate the sprinkler metering policy will, in the future, be promoted and the Company will continue to operate the sprinkler metering policy within its area during the coming summer.

### **Meter Optants**

There were 6,322 free domestic meter optants in the year 2009/10. This figure is consistent with the AMP5 total projection of 30500 (average 6100 per year) in the FWRMP, between 2009/10 and 2014/15.

This level of optional metering continues to be attributed to the growth in confidence and acceptance of metering as a method of paying for water used and also as a consequence of the macroeconomic impacts upon householders looking for ways of reducing their utility bills.

The outturn figures for reported year are consistent with the figures in the FWRMP for the year 2009/10, and there is no need to change any of the forecasts within the FWRMP.

### **Change of Occupier metering**

Change of occupier metering was not included in the baseline scenarios in the FWRMP. It was an additional metering policy included in the final planning scenarios only.

The Company completed a phased introduction of change of occupier metering from April 2008 having reached its objectives for AMP 4.

The phasing of the policy enabled all necessary system and process changes to be identified and addressed prior to full-scale implementation from 2010/11. Further details of the policy, costs and targets over AMP5 are in the 2009 Final Business Plan and over the period to 2034/5, are detailed in the Final Water Resource Management Plan.

### **6.3.3 Leakage in 2009/10**

#### **Leakage Trends**

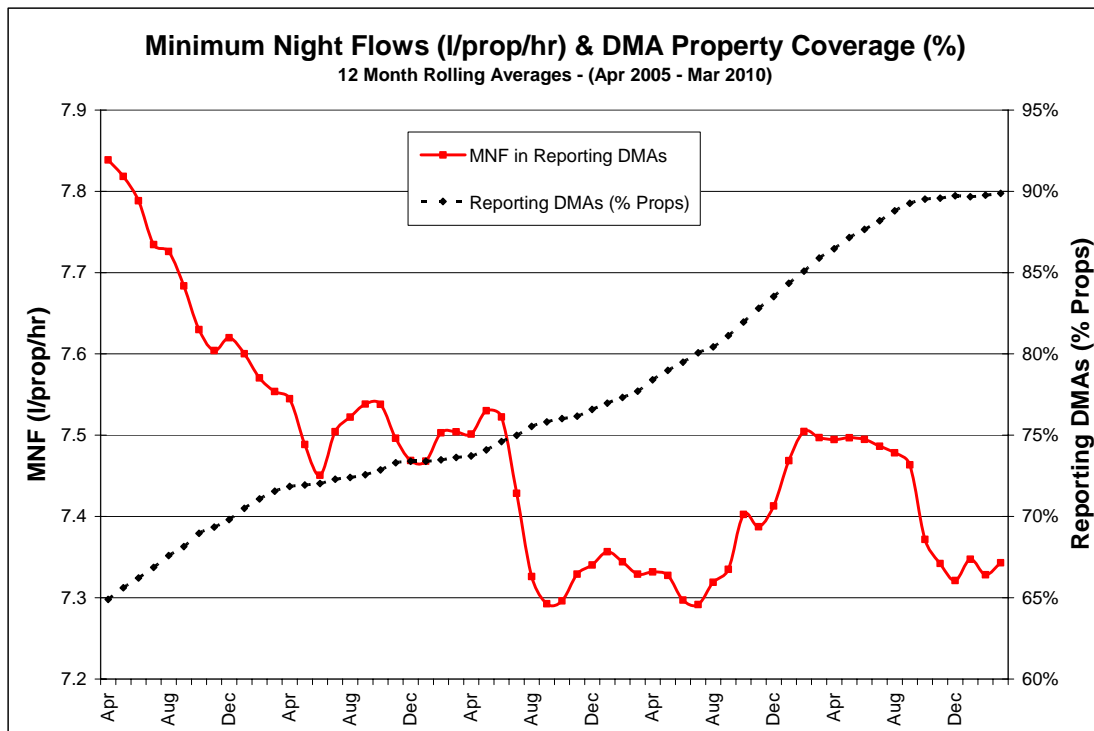
The Company reported a total leakage level of 74.44 MI/d for 2009/10, a similar level to the previous year's reported figure of 74.25 MI/d. This was within the Company's leakage target of 75 MI/d. The final scenario dry year annual average leakage figure for 2009/10 in the FWRMP is 74.4 MI/d.

This is considered an excellent result, given the experience of this year's winter, which was one of the worst in a long time. This resulted in significant increases in leakage, of about 40%, during December and January. Operational leakage levels peaked at over 118 MI/d in mid January, with the monthly average being greater than 102 MI/d.

Significantly increased levels of active leakage control, introduced from before the start of the winter, aided by increased DMA and PRV coverage, enabled the leakage level to be reduced back down to more normal levels by the end of the year. This was not only important to achieve the 2009/10 target, but was also necessary to support achievement of the lower target for 2010/11, reduced to 74 MI/d as part of the PR09 determination.

#### **Leakage Management Activity**

The following chart reports the continuing benefits of the Company's leakage management strategy. The increase in the minimum night flows, due to leakage, during the last two years is the result of the winter weather impact compared to the benign weather experienced during 2007/08, which resulted in lower leakage levels compared to what would have been expected. This chart shows the value of increased DMA coverage, enabling leakage levels within the monitored areas to be reduced quicker even during extreme winters. DMA coverage is now nearing completion, which will enable improved leakage management across the whole network, to support achievement of the lower AMP5 leakage target.



The Company has continued to extend DMA coverage as identified in the following table, which reports operational DMAs:

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Annual average operational DMA property coverage	35.7%	58.4%	60.5%	64.3%	71.6%	73.6%	77.7%	85.9%	89.9%

During 2009/10 work continued on DMA design and construction. At the end of the year a total of 490 DMAs, covering 91% of properties were operational, supporting leakage management activities. Over 95% DMA coverage has so far been completed. Additional works are to be undertaken during the early part of AMP5 to further improve the DMA structure to support future leakage management activities.

The outturn figures for the reported year are consistent with the figures in the FWRMP for the year 2009/10, and there is no need to change any of the forecasts within the FWRMP.

### 6.3.4 Water Efficiency

#### Activity in 2009/10

Ofwat has introduced a water efficiency target of 0.53 MI/d for the Company, beginning with voluntary reporting against the target in 2009/10 followed by

formal regulatory enforcement from 2010/11. The Company included these target savings from water efficiency in the FWRMP.

The Company has continued to promote water efficiency through the following activities in 2009/10:

- Distribution of cistern devices
- Promotion of water butts
- Household Water Audits
- Non-household water audits
- Educational Activity

The level of water efficiency savings achieved in 2009/10 of 0.07 MI/d is similar to previous years (excluding supply pipe leakage and metering). However the Company has significantly increased the staff input into water efficiency in order to develop and instigate a new water efficiency strategy for 2010/11. This significant additional activity has started to yield results already and the Company is already 1/3 of the way to meeting the 2010/11 target.

The Company's water efficiency activities are in relation to Base Water Efficiency Targets (BSWE). The Company does not have a Sustainable Economic Level of Water Efficiency (SELWE).

The outturn figures for reported year are consistent with the figures in the FWRMP for the year 2009/10, and there is no need to change any of the forecasts within the FWRMP.

### **The Water Efficiency Strategy for 2010/11**

The Company's strategy for 2010/11 is significantly different to that undertaken in 2009/10 and previous years. We have committed significantly more staff time and expenditure in water efficiency activities and are therefore anticipating a significant increase in savings achieved. However, the Company remains concerned whether this represents good value for money given the healthy resource position.

- **Water Saving Packs**

In particular the promotion of the E-on shower flow restrictor is a major initiative which is being promoted to all customers with their bills. To date all unmeasured customers have received the offer and almost 7000 packs have been dispatched on request from these customers. This is an uptake rate of around 1.8%. The Company has made the offer as flexible as possible so customers can request just a showersave device or just cistern displacement devices or both and we believe this flexibility has contributed to the take-up rate being as high as it is. The savings to date from this are estimated to be 0.192MI/d. This does not include savings from audit information included with the packs.

The same promotion has recently been offered to measured customers in their bills and we are hopeful of a reasonable take-up rate.

The Company also intends to further promote this offer with newly metered properties including change of occupier, optants and new supplies. The element of the strategy will commence in September.

- **Partnerships**

The Company is hopeful of working in partnership with Sandwell Housing Authority on a project as part of their refurbishment programme. Savings from this partnership are unclear at this stage but could make a significant contribution towards achievement of the target.

- **Education, Information and 'Soft' Activities**

The Company will continue to focus its educational and behavioural strategies through its Blithfield Education Centre, literature and website. The UKWIR behavioural changes model will be used in line with the Ofwat 'soft options' and described in its reporting guidance.

The Company has also worked with one of its major customers on a staff awareness programme at their factory. This has not directly achieved significant savings but has contributed to knowledge about approaches to engagement of customers.

- **Non-household Water Audits.**

Non-households audits have again been offered to our major customers. There has been little uptake but the Company will continue to make this facility available.

- **Tariffs**

The Company has been given permission by OFWAT to commence a seasonal tariff trial from April 2010. Whilst it is unlikely that Ofwat will allow this to contribute towards the Company's target we remain of the view that reinforcing the value of water with customers and providing them with information and price signals which help them make decisions about their water use is an important part of a water efficiency strategy.

Furthermore, the Company already operates a large user tariff that has strong water efficiency incentives. The tariff is seasonal, with higher charges in summer months to discourage discretionary use in this period. The tariff is also structured to discourage peak month demands (throughout the year). A Director of South Staffs Water meets with each of our large users every year to discuss their reservation levels and their seasonal demand profile. This tariff has been effective in achieving a sustained reduction in summer and peak usage, but these savings are not currently reported within our water efficiency savings.

Ultimately the Company recognises the value of education programmes and water efficiency device promotion, but we consider that the truly effective means to change customers' water usage is through the use of price signals. Whilst we acknowledge the difficulties in identifying the direct savings associated with such signals we believe that Ofwat should consider this further for future inclusion.

## Forecast 2010/11 Outturn

At this stage it is unclear whether the Company's proposed activities for 2010/11 will provide sufficient savings to achieve the target. Savings to date are already significantly above those achieved in any other year and represent a good start to the new strategy. The Company will continue to do all it can but is to some extent in the hands of potential partners and customers. Experiences from 2010/11 will be instrumental in formulating our ongoing strategy for subsequent years. The need to make changes to the FWRMP associated with water efficiency activity will be kept under review and reported on in the next annual review.

## 6.4 Climate Change

### Items Identified for Review in the DEFRA/EA Guidelines

Climate change	Item	Review Criteria	Summary of Company Review
UKCP09	<ul style="list-style-type: none"> <li>▪ Any work progressed on assessment of UKCP09 impacts on resources or demands.</li> </ul>	Requirement triggered by change	<p>No changes have been made to the FWRMP climate change assessment. The company is awaiting the results of ongoing UKWIR/EA research projects on how to use UKCIP09 data. Once these are complete we will be consulting in detail with neighbouring companies and the EA on the way forward.</p>

## 6.5 Headroom and Options

### Items Identified for Review in the DEFRA/EA Guidelines

Headroom and options	Item	Review Criteria	Summary of Company Review
Headroom	<ul style="list-style-type: none"> <li>▪ Give details of actual headroom</li> </ul>	Requirement	See section 6.5.1
	<ul style="list-style-type: none"> <li>▪ Any changes in actual headroom and target headroom</li> </ul>	Requirement triggered by change	There are no changes to target headroom. Actual headroom is discussed below.
Options	<ul style="list-style-type: none"> <li>▪ Progress with the planning and delivery of all options</li> </ul> <p>(include all options over and above those included in the baseline. For example additional supply or demand options; SELWE, selective metering, additional leakage control options)</p>	Requirement	No options were required in the FWRMP.
	<ul style="list-style-type: none"> <li>▪ Any changes to the options chosen</li> </ul>	Requirement triggered by change	No options were required in the FWRMP.

### 6.5.1 Actual Headroom

The FWRMP shows forecast available headroom of between 18 MI/d and 33 MI/d over the 25 year planning period. In the year 2009/10 the FWRMP forecast available headroom of 30 MI/d, for the dry year scenario. The Company has reported a dry year available headroom figure in the 2010 June Return of 29.6 MI/d, in table 10a(i). This reported figure uses actual outturn data that has been normalised to a dry year scenario. Therefore the actual headroom for 2009/10 is in line with the forecast figures in the FWRMP and no changes are required.

## **7 Conclusions**

This review confirms that 2009/10 was a relatively wet year and the Company had no concerns over the supply demand position. The Company reported a Security of Supply Index of 100.

The outturn figures for reported year are consistent with the figures in the FWRMP for the year 2009/10, and there is no need to change any of the forecasts within the FWRMP.

The Company is confident that the supply demand balance will remain in surplus throughout the 25 year planning period.