

South Staffordshire Water PLC Annual performance report 2022/23 – summary

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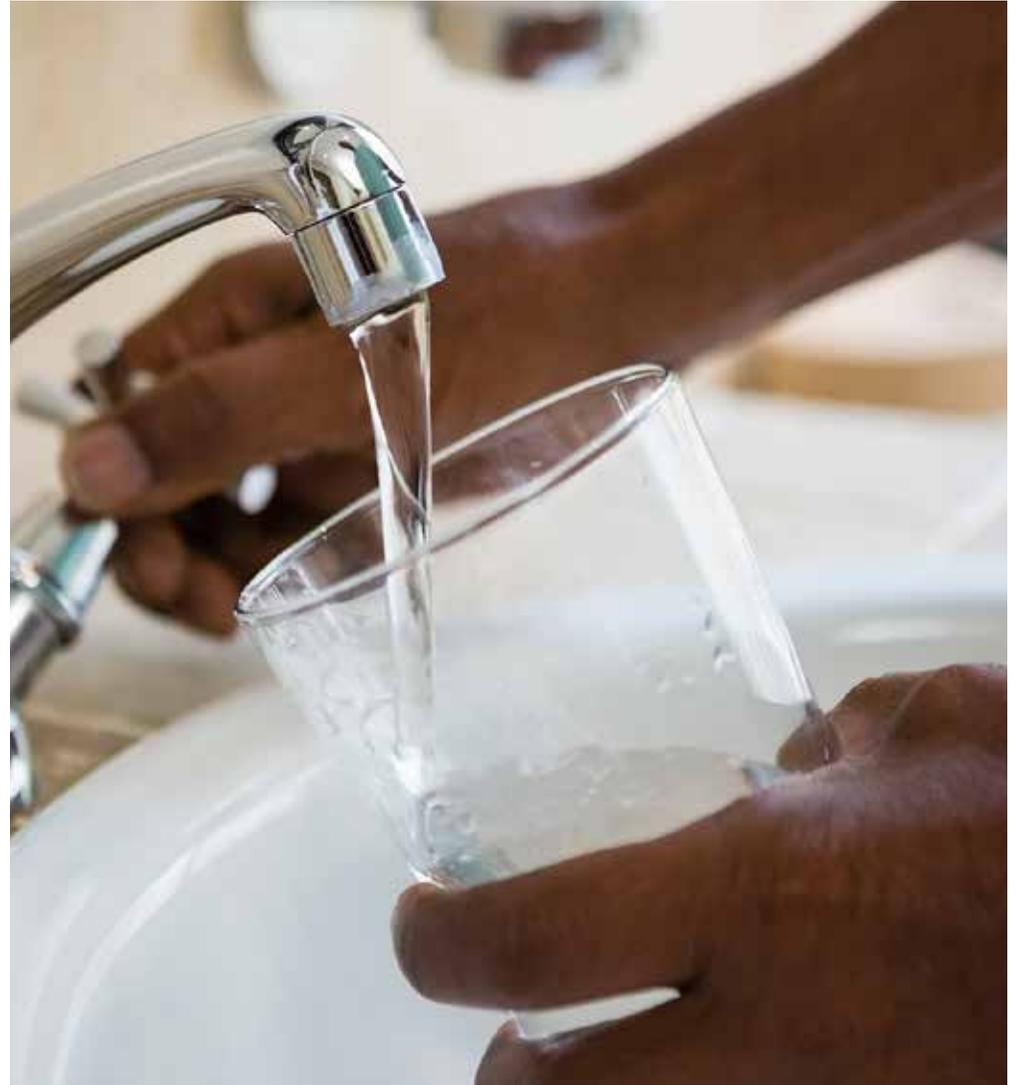
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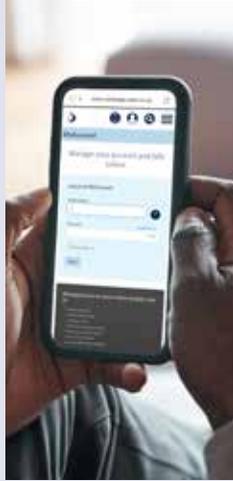


Investing in our assets for the
future - p17



The year at a glance

Invested in a **next generation customer billing system**, to further improve our service to customers



Nearly **56,000** customers helped through our financial support packages

More than 10% of our household customers registered on our **Priority Service Register** to receive additional help



Invested in upgrading our water treatment plants and delivered on time



Met leakage targets –
16.7% reduction in our Cambridge region and **9.4% reduction** in our South Staffs region



90% of visible network leaks fixed within **4 days**

Awarded £270,000 from Ofwat's Innovation Fund for a diversity-led water efficiency project





Photograph left to right: Andy Willcott –
Managing Director and Lord Chris Smith – Chair

A joint welcome from our Chair and Managing Director

The end of another financial year presents us with the perfect opportunity to reflect on our performance as a provider of an essential public service.

We can celebrate the areas where we've done well and put plans in place to improve where our performance has fallen short of what we, our customers and other stakeholders expect.

The last year has been challenging in many respects. The war in Europe and surge in energy prices have both contributed to the current cost of living crisis, making it harder for more people to pay their water bills. A prolonged spring and summer drought, together with a growing population, has focused attention on the security of future water supplies, and the UK water sector has experienced increasing negative media coverage about pollution, profits and resilience.

Despite these external challenges, we have continued to work hard to deliver for our customers and the local communities we serve, and against a number of our key targets, we have delivered a strong performance in the year.

A top priority for our customers is the delivery of high-quality drinking water, and we continue to perform well in this area, with a further 15% year on year reduction in the number of customer contacts about the colour, taste and smell of our water, and a 42% reduction since 2020/21.

The current cost of living crisis means that supporting our customers most in need has never been more important. Over 56,000 of our customers received additional help from us this year and over 10% of our customers are registered on our Priority Services Register, ensuring they will receive the extra assistance they need from us when needed.

We have an ambitious investment programme to ensure our water production and treatment facilities and network infrastructure are in good health and performing well to deliver for our customers today and

in the future. This year, we completed the construction of our new reservoir in the Cambridge region and upgraded our water treatment works in the South Staffs region in line with target.

We also met our targets for reducing leakage from our networks and finding and fixing visible leaks quickly. 90% of our network leaks fixed within 4 days and we reduced network leaks by over 9% in our South Staffs region and over 16% in our Cambridge region.

However, amongst these successes, we know there are also some areas where we know we need to do more to improve our performance.

We need to do more to help our customers to use less water. In Cambridge and South Staffs the amount of water each person uses in both regions has reduced this year, but the level of reduction is not enough to meet our target agreed with the regulator.

One of the biggest challenges we faced during the year was a criminal cyber attack on our parent company, South Staffordshire Plc in July. As soon as we became aware of the incident, we took steps to understand what had happened. Our investigation found that some customer and employee data had been impacted and we put in place a package of support to help those affected.

At no point were customers' water supplies affected by this incident, our control and operational teams continued to work as normal. Our investigation is still ongoing and there are no further impacts to report at this stage. We continue to be vigilant as we know attacks like these are becoming ever more sophisticated and commonplace.

Looking ahead, our focus remains on delivering for our customers and their priorities. We look forward to completing construction of one of the world's largest ceramic membrane filtration plants at our South Staffs region water treatment works to deliver enhanced water quality to over 700,000 customers.

We continue to plan for the long term and are already looking ahead to our next five year planning period (2025 – 2030) and beyond, setting out our delivery strategy to 2050. We are consulting with both customers and stakeholders as we build our plan which will be submitted to our regulator Ofwat in the Autumn. Our ambition is to secure the water future for our customers, our communities and the environment we all rely on and enjoy.

Finally, we wanted to recognise our people. Our hard-working teams have played a critical role in helping us meet various challenges over the past year and have strived to deliver the best for our customers day in, day out. We would like to thank them for their commitment, resilience and passion and we look forward to achieving more together in the year ahead.

Lord Chris Smith
Chair



Andy Willicott
Managing Director



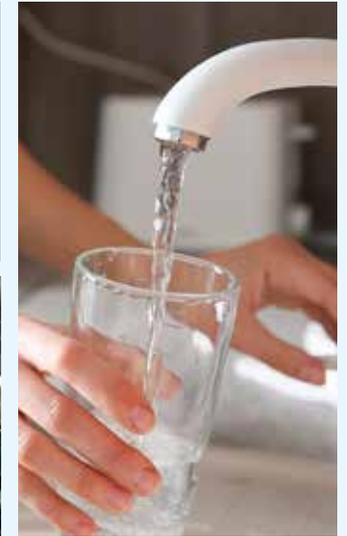
A bit about us

**We operate
Cambridge Water
and South Staffs
Water**



**We are part of the South
Staffordshire Plc group of
companies**

**We are a water only
company, and do not
take away and treat
waste water**



**We are regulated
by Ofwat, the
Environment
Agency and the
Drinking Water
Inspectorate**

**We have been a successful, privately-
run business for 170 years. We have
never been in public ownership**



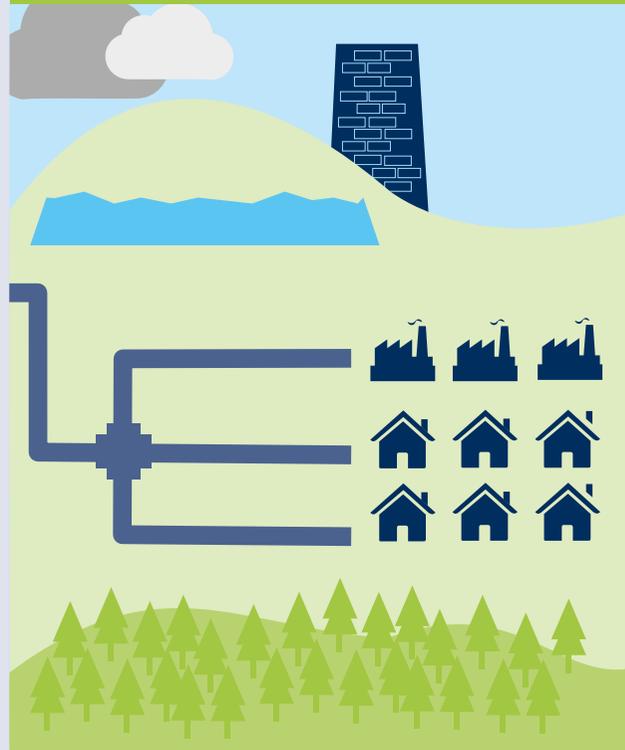
**We provide clean water to more than 1.7 million
people and 42,500 businesses every day**

What we do

Collect and treat water



Store and distribute water



43 borehole sites

2 surface water reservoirs

41 water treatment works

69 service reservoirs and water towers

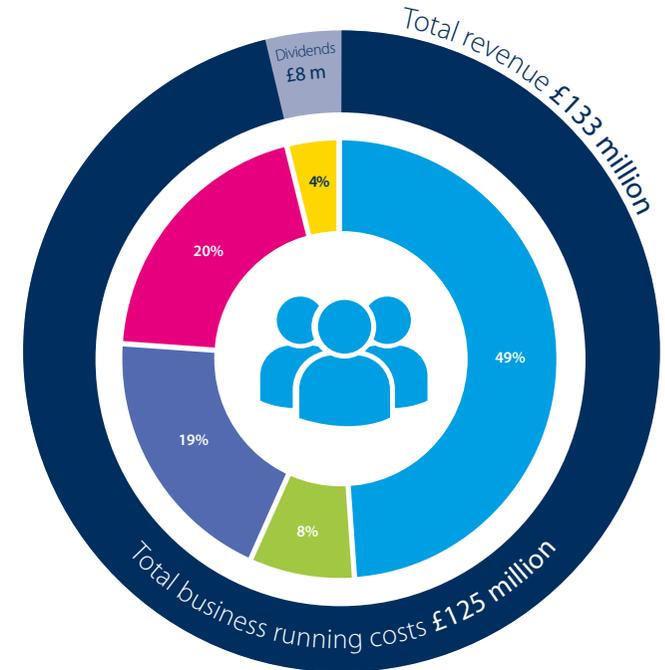
113 booster pumping stations
8,702km of pipes

712,710 residential connections

42,331 business connections

Information consistent with 2022/23 APR.

How we use the money we get from customers' bills



- Water production, treatment, pumping, network repairs and operations
- Customer services, meter reading, billing and payment collection
- Annual costs of capital investment
- Financing costs and tax
- Dividends

Our vision

To deliver clean, affordable water every day



Our mission

To make sure:

- all our customers have access to high-quality and affordable drinking water every day; and
- we always empower our people to provide an excellent and trusted service.

Our values

Our mission and purpose are underpinned by our values.

- Equality, diversity and inclusion
- Excellence in service
- Responsibility
- Trust and respect

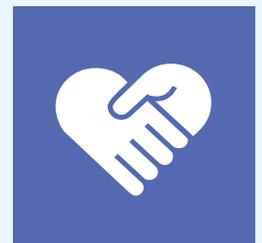
These values are reflected in our people's objectives and the work they do.

Our purpose

Over the past 170 years, we have provided high-quality water supplies to customers in our Cambridge and South Staffs regions. So that we can keep providing this essential public service, we:

- put customers' needs at the heart of all our decision making;
- actively work in partnership with local communities;
- act as the guardians of our assets, building resilience with regular investment;
- work hard to protect and enhance the natural environment; and
- run an efficient business, in everyone's interests.

This is how we are **securing the water future – for our customers, our communities, the environment and our people.**



Delivering the outcomes our customers want

Our 2020 to 2025 business plan focuses on the outcomes we will deliver. These are the promises we have made to our customers on the services they want and expect and are the areas where they want to hold us to account.



Our targets for 2022/23

Outcome	Performance commitment	Unit of measurement	2020/21 target	2020/21 performance	2021/2022 target	2021/22 performance	2022/2023 target	2022/23 performance	Target met
Core outcomes 	Delivering services that are value for money	% of satisfied customers	78	74	79	71	81	75	✗
	Making sure customers have a high level of trust in us	Score out of 10	8.10	8.16	8.15	7.85	8.20	7.68	✗
Our customers 	Great customer service to our household customers	C-MeX score	Upper quartile	81.89	Upper quartile	83.38	Upper quartile	79.87	✗
	Great customer service to our business market suppliers (retailers)	R-MeX score	93.3	76	93.3	87.3	93.3	82.2	✗
	Great service to developers	D-MeX score	Upper quartile	83.59	Upper quartile	84.4	Upper quartile	87.57	✗
Our community 	Financial support for household customers struggling to pay their bills	No. of customers helped	32,000	49,279	34,000	58,611	36,000	55,993	✓
	Extra Care support for customers who need assistance	% on PSR receiving extra care support	5.0	5.0	5.0	5.1	5.0	4.7	✗
	Education programme, working with schools about the need to use water wisely	No. of pupils engaged	6,000	297	6,000	2,284	6,000	3,672	✗
	Ensuring customers who need assistance are registered with us	% registered on Priority Services Register	6.1	5.8	6.6	8.7	7.1	10.6	✗*
Our service 	Delivering upgraded water treatment works	% completion	0	8	0	18	55.1	63.2	✓
	Always meeting water quality standards – drinking water quality	Compliance Risk Index (CRI) score (water quality measure) ¹	0	1.09	0	0.90	0	1.39	✗
	Always meeting water quality standards – taste, smell and colour	Contacts per 1,000 population	1.14	0.98	1.11	0.76	1.08	0.65	✓
	Maintaining a reliable supply – supply interruptions	Average interruptions in minutes and seconds	06:30	04:33	06:08	03:15	05:45	04:29	✓
	Maintaining a reliable supply – severe supply restrictions	% of customers at risk	0	0	0	0	0	0	✓
	Reducing the number of water production failures	Unplanned outage as a % of total production capacity	2.34	0.57	2.34	0.90	2.34	1.47	✓
	Finding and fixing visible leaks more quickly	% of visible leaks repaired within set no. of days	90% within six days	90% within six days	90% within five days	90% within five days	90% within four days	90% within four days	✓
	Reducing the number of burst mains	No. of bursts per 1,000 km of mains	129.6	130.0	127.8	109.6	126.0	150.8	✗

* The Priority Services Register performance commitment is comprised of three components: reach, attempted contact, and actual contact. In 2022/23 we have met the target for reach, shown on this page, but we have not met the targets for actual or attempted contact.



Delivering for our customers

‘We will offer a great customer experience and get their feedback to help us keep improving.’



What we are measuring and how we performed



Household Customers

The level of satisfaction among our customers as measured by Ofwat’s C-MeX metric (which measures customer experience and customer service)

Target not met ❌

79.87

the percentage of customers satisfied that we provide great service and experience



83.89

Last year



Developers

The level of satisfaction among developers as measured by Ofwat’s D-MeX metric (which measures the experience and service developers receive from us)

Target not met ❌

87.57

the percentage of developers satisfied that we provide great customer service



84.4

Last year



Water retailers

Our performance as a supplier of wholesale water services operating in the business (non-household) market

Target not met ❌

82.2

the percentage of retailers satisfied that we provide great customer service



87.3

Last year



Where we can improve

We were disappointed to see our C-MeX performance slip from last year's strong position and attribute that to the impact the criminal cyber-attack had on customer confidence. We are committed to improving our customer service and working hard to get our performance back to a leading position.

Our new customer billing system will help us to get our customer service right first time, every time, and improve our trust and value for money scores. Both of these measures declined during the year due to external factors including the cost of living crisis. We'll continue to use our monthly Priorities and Promises trackers to monitor changes in customer sentiment and get these measures back on track.

Our work in action: delivering a responsive customer experience

We want to deliver the best possible experience for our customers, and be a responsive organisation that gets things right first time, all the time.

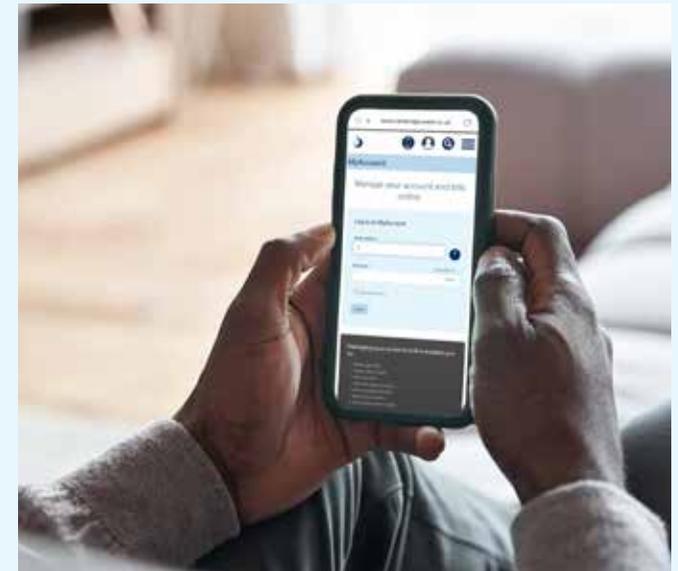
Our new customer billing system, Aptumo, will improve our customer service and help us do just that.

Aptumo is designed specifically for water companies, and has been developed to tackle the challenges companies like us face every day.

The new system improves efficiency by simplifying our processes and enabling us to offer more choice

in how our customers communicate with us, which they've told us is really important to them.

Aptumo went live in February, and early feedback suggests it's already improving our customer service. We now offer more self-service options, the chance to choose when Direct Debit payments are taken and to submit meter readings when convenient for the customer.



Ensuring excellent customer service, which is certainly lacking in today's society. Personal telephone contact and efficient and effective service.

Household customer, South Staffs region

Delivering for our community



‘We will offer our customers the right level of support for their individual needs and help everyone learn how to use water wisely.’



What we are measuring and how we performed



Financial support

The number of household customers that we help with their water bills, using our financial assistance schemes such as our Assure social tariff, payment plans, Charitable Trust, or other types of help

Target met ✓

55,993

the number of household customers receiving help with their water bills



58,611

Last year



Priority Services Register

The number of people on our Priority Services Register and the proportion of this number that are validated every two years

Target not met ✗

10.6

the percentage of customers on our Priority Services Register



8.7

Last year



Education

The number of young people who have received education services, such as assemblies, from us

Target not met ✗

3,672

the number of young people who have received our water saving education services



2,284

Last year



Where we can improve

We have an ambitious target to engage 6,000 young people across our Cambridge and South Staffs regions. We were unfortunately unable to run our full education outreach programme for the full year due to resource challenges, and we missed our target.

Fully resourced and with a new plan in place, we are confident we will meet this target in the year ahead. We are expanding our programme to include secondary schools in addition to primary schools – with activities on offer for children aged 4 through to 14. Our new programme for older students will complement their GCSE and A Level curriculum.

Our work in action: making a positive impact in our communities

We want to offer our communities a ‘one stop’ approach – building partnerships in our communities to offer customers a broad range of help and support.

For example, in partnership with The Fuel Bank Foundation, we can offer customers with a pre-payment energy meter a fuel bank voucher up to the value of £49. This helps us engage harder to reach customers who may not yet have asked for help with their water bills or energy bills.

Our community team was also actively involved in supporting customers following the criminal cyber attack on our parent company. The team held cyber clinics in Cambridge and South Staffs, giving customers face to face advice and support about the incident.



Supporting customers with their water bills is the most important area to focus on... Therefore, they should make customers aware of the help that is available.

Household customer, Cambridge region



Delivering a reliable service

‘We will provide clean, high-quality and reliable water supplies now and in the future’



What we are measuring and how we performed



Fixed visible network leaks

The number of days we take to repair 90% of visible leaks on our network, measured from the time the leak is found or reported

Target met ✓

within
4 days

the number of days we take to repair 90% of visible leaks

within
5 days

Last year



Water supply interruption

Average minutes of interruptions each connected property experiences for interruptions of three hours or more.

Target met ✓

04:29

the average interruptions in minutes and seconds

03:15

Last year



Drinking water quality

The number of customer contacts we get each year about the taste, smell and colour of water we supply.

Target met ✓

0.65

the number of contacts per 1,000 population

0.76

Last year



Where we can improve

Our assets are the network of treatment works, pumping stations, storage reservoirs and pipes that help us deliver clean, high-quality water to our customers reliably. Whilst the performance and health of our assets was strong in some areas during the year, we had more bursts on our water mains than we had targeted due to weather impacts such as the prolonged summer drought and cold winter.

To improve our performance, we will be repairing and replacing more of our older assets in the year ahead and will look to continue to meet our ambitious target of finding and fixing 90% of leaks within four days.

Our work in action: investing in our assets for the future

We completed two major construction projects during the year to help us continue to provide high-quality and reliable clean water to our customers now and in the future.

In our Cambridge region, we finished building two new storage reservoirs in Bourn. This site can now store 12 million litres of water – enough to supply the 14,000 properties that currently receive water from the site and the 8,000 new property connections that we expect to be built in the area by the end of 2024/25.

We also upgraded our Seedy Mill water treatment works in our South Staffs Region, introducing a second filtration stage to further improve the quality of water. Supplying 200,000 customers with clean water, the 125 million litre capacity plant is one of the most important parts of our network. We were pleased to deliver the upgrade on time despite COVID-19 delays and our original construction partner going into administration.



Water is instrumental to a family's state of mind and everyday lives. It's taken for granted, but that's because it's a great service.

Household customer, South Staffs region

Delivering for the environment



‘We will protect the environment, reduce leakage and support the building of water-efficient homes.’



What we are measuring and how we performed



Reducing leakage levels

The level of leakage in both our regions

Target met ✓

South Staffs region

-9.4

the percentage reduction in leakage*



Last year

Cambridge region

-16.7



* Three-year rolling average.



Individual water use

The average volume of water each household customer in both our regions uses

Target not met ✗

South Staffs region

+14.9

the percentage decrease in household water use (per capita consumption)*



Last year

Cambridge region

+5.6



* Three-year rolling average.



Reducing carbon emissions

The amount of operational carbon emissions measured in kilograms per connected property

Target met ✓

28.5

kilograms of operational carbon emissions per connected property



Last year



Where we can improve

The prolonged hot weather and drought conditions in the summer meant demand for water remained very high across both regions, as it has since the start of the pandemic in 2020.

That meant it was more important than ever to engage with customers and understand their views on water usage. We also worked with experts to get a clear picture of water demand patterns, which enabled us to help customers save water by installing water meters and working with developers to build more water efficient homes.

The hot summer, followed by a cold winter, led to an increase in the number of leaks on our pipe network, as the swing from one extreme to another created movement underground, which caused pipes to crack. So, we employed more people to find and fix leaks, and used satellite technology to spot issues with our pipes quickly.

Our work in action: SPRING-ing forward with biodiversity benefits

We engage with farmers and landowners across Cambridge and South Staffs in several ways, including our SPRING catchment management programme.

Catchments are areas where water is collected by the natural landscape, and the water quality can be affected by agriculture, forestry, industry, waste management and other factors.

SPRING is an environmental protection scheme, supporting farmers and landowners to explore catchment-friendly approaches to land management.

We make grants of up to £15,000, so that farmers and landowners can reduce the amount of agricultural pollution entering rivers and reservoirs in the region.

At one farm in South Staffs, we funded the installation of a 30,000 litre rainwater harvesting system, and then doubled its size during the reporting year. This reduced the farmer's water bills increased his milk yields and benefited his livestock, as cattle prefer rainwater to tap water.

We continue to work with farmers and landowners, encouraging them to adopt more sustainable farming and land management practices.



Water is such a precious commodity, so it's important to maximise it, rather than waste it through leaks.

Household customer, South Staffs region



Delivering for our business

‘We will run an efficient business with happy employees, where our suppliers are treated fairly.’



What we are measuring and how we performed



Employee satisfaction

Achievement of Investors in People accreditation and employee satisfaction as reported in an annual employee survey

Target not met ❌

**Achieved IIP Standard
Net Promoter Score
not achieved**



Last year



Suppliers

Making sure we pay small businesses within 30 days and signing the Department for Business, Energy and Industrial Strategy's Prompt Payment Code

Target not met ❌

69

the percentage of small businesses paid within 30 days



Last year



Reducing bad debt

The level of bad debt charge that we incur each year, expressed as a percentage of our total revenue

Target met ✅

2.52

the level of bad debt incurred as a percentage of total revenue



Last year



Where we can improve

During the year, we ran an employee engagement survey which focused on growth, teamwork and individual contributions. Our survey results gave us a Net Promoter Score (NPS) which indicates whether our people would recommend us as a good place to work. An NPS over zero is good and our target is to achieve an NPS score of 10 or above by 2024/25.

We are disappointed that we are some way from our target and we have more work to do to make sure our employees feel engaged. Our improvement plan includes developing further how we recognise and reward our people, refining our approach to talent management and improving collaboration between our departments and teams.

Our work in action: planning investment effectively and efficiently

As a long-term business, it's important we plan our investments carefully – delivering our infrastructure projects efficiently and managing risks effectively. We have implemented a new platform, Copperleaf, which helps essential and critical infrastructure owners like us better analyse and make investment decisions.

Copperleaf is helping us:

- More proactively manage the impact of risks on our assets and business performance
- Plan more efficiently, helping our teams work closely together, faster
- Decide where and when to invest whilst considering the bigger picture
- Align investments to our priorities which helps us deliver for our customers



Sustainable infrastructure is important: ie, zero carbon operations, the most efficient water use possible, investment in regenerative water provision and water treatment processes.

Household customer, Cambridge region

Facts and figures

Every year, we produce a comprehensive set of financial statements. We publish these on our website. Here, we summarise some key facts about our people and our shareholders.



people employed across both our South Staffs and Cambridge regions



58%

of our people work in water production and field operations



average length of service



Who are our investors?

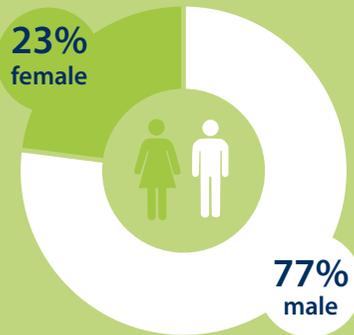
100%

100% of the Group is owned by pension funds and other institutional investors, which are advised and managed by **Arjun Infrastructure Partners Limited**.

Arjun is a UK based independent infrastructure investment advisory business. Arjun acquired a majority controlling interest in the Group from KKR in July 2019 and the remaining interest from the Mitsubishi Corporation in 2022.

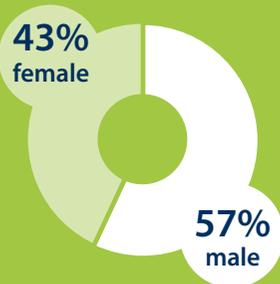
Whole workforce

23% female



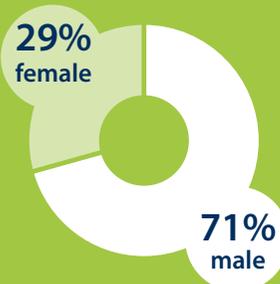
Directors and Exec team

43% female



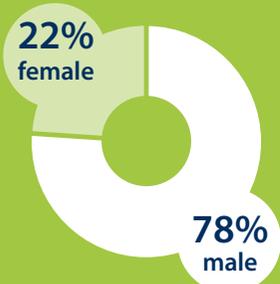
Senior managers

29% female



Other employees

22% female



Looking forward

As we move towards our next five year planning period, we are looking to the future and have created five ambition statements that will form the foundations for our direction of travel. Our ambition statements are:

	Our customers We will innovate to exceed customers' expectations of our service, end water poverty and make sure help is always available.
	Our community We will use partnerships and education to lift our communities, creating space and opportunities to help people work and thrive.
	Our service We will use cutting edge technology and ensure the infrastructure is in place so that customers always receive resilient, high-quality water supplies.
	Our environment We will lead in protecting and enhancing the environment – working with partners to ensure sustainable water supplies and flourishing local habitats.
	Our business We will lead in adapting to climate change and will run a safe, efficient and sustainable business, with a highly-skilled workforce.

Engaging with us

There are numerous ways for you to engage with us and play your part in helping us to achieve our long-term ambitions. We'd love you to get in touch using the channels listed here.



Sign up for our customer email newsletters

Share your email address with us to stay up to date with all our news.

www.south-staffs-water.co.uk/newsletters

www.cambridge-water.co.uk/newsletters



Follow us on social media

Learn more about what's going on in your area, chat with our friendly people, read advice on topics such as saving water, and find out more about our support schemes.



Join H2Online, our online community

H2Online, our online customer community, is a place where you can share your views and win prizes. We use feedback from our community members to make important changes and better shape our services for the future.

www.cambridge-water.co.uk/community/h2online

www.south-staffs-water.co.uk/community/h2online



Free water workshops and assemblies for schools

Book one of our engaging water efficiency and water cycle workshops and assemblies for Early Years Foundation Stage (EYFS), Key Stage 1, 2 and 3. A free resource for schools in our regions of supply.

www.cambridge-water.co.uk/education

www.south-staffs-water.co.uk/education



Interested in a career with us?

We offer a range of exciting career opportunities, with options including engineering, operations, administration and management. Visit our careers pages for live vacancies.

www.cambridge-water.co.uk/careers

www.south-staffs-water.co.uk/careers



How can we help?

Visit our website for the answers to our customers' most frequently asked questions:

www.south-staffs-water.co.uk/help-and-advice

www.cambridge-water.co.uk/help-and-advice

How to engage our Cambridge Water community team: www.cambridge-water.co.uk/community-vehicle

Visit us at our South Staffs Water high street community hub: www.south-staffs-water.co.uk/community-hub

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