



South Staffs Water



Cambridge Water

South Staffs and Cambridge Water Your Water Your Say

14th June 2023

South Staffs and Cambridge Water

Your Water Your Say

14th June 4pm via Zoom

Speakers:

Kevin Johnson – independent chair

Steve Hobbs – Consumer Council for Water (CCW)

Andy Willicott – Managing Director, South Staffs and Cambridge Water

Caroline Cooper – Strategy and Regulations Director, South Staffs and Cambridge Water

Natalie Ackroyd – Director of Quality and Environment, South Staffs and Cambridge Water

Heidi Knapton – Director of Customer Delivery, South Staffs and Cambridge Water

Andrew Lobley – Operations Director, South Staffs and Cambridge Water

Mumin Islam – Head of Price Review, South Staffs and Cambridge Water

Attendance: Both customers and stakeholders from the South Staffs and Cambridge region attended the session online.

Independent chair introduction:

The chair began the session by announcing that he has been appointed by Ofwat and the Consumer Council for Water, known as CCW, to act as the independent chair for a series of open challenge sessions with each of the water companies in England and Wales. Ofwat is the economic regulator of the sector, and CCW is the consumer advocate in the sector. He noted that South Staffs Water has two supply areas – South Staffs and Cambridge – and South Staffs is a clean water only company, so wastewater services are provided by different suppliers.

This your water your say session was part of the price review process known as PR24. As part of PR24, water and wastewater companies in England and Wales – including South Staffs Water – are currently developing their plans for 2025-2030. This will set the price controls for water and for sewerage companies for the next 5 year period. Ofwat and CCW along with South Staffs water want you to have your say on these plans. South Staffs organised this session and promoted it with a set of arrangements agreed by Ofwat and CCW. This event and a subsequent event later in the year are in addition to south staffs engagement with customers and stakeholders.

The chair added that this session should be as challenging as possible. The company had 15 minutes to complete a presentation, before moving onto questions.

Company Presentation:

The managing Director of South Staffs and Cambridge Water, Andy Willicott, then presented the company's supply areas, past performance, and plans for the next 5 years, along with a video showing the journey water takes on its way to customer's taps. The presentation can be downloaded here:

<https://docs.google.com/presentation/d/1xZJRCYrZgmRI Ae3Vf0gIT OILUQA h7K2j/edit?usp=sharing&oid=116613222763149066814&rtpof=true&sd=true>

Questions and Answers

The themes are –

1. reliable supply of quality water,
2. improving resilience and securing future supplies,
3. protecting the environment,
4. affordable bills and excellent service.

Reliable supply of quality water:

Question (Q)1 The Cambridge water final drought plan of 2022 states that Cambridge water will not introduce the hosepipe ban on average more than once in 20 years. Does this statement need reconsidering in view of the fact that between 2022 and 2023, the Environment Agency categorized our area as being in drought for nine months and 10 days, and our drought seems likely to be increasingly frequent with hideous consequences to our natural environment?

Answer (A)1 When we look at our drought plans and we think about the frequency of uses of temporary usage bans, as we refer to them, or hosepipe bans, we've got the data behind us that provides a view as to the likelihood or the probability of when those usage restrictions would need to be used. I accept the challenge though, we are seeing increasingly a drying climate, the droughts of last year, this year it's been exceptionally warm, albeit we did have a degree of rainfall early on. So, I think it is a fair question to ask and it is only fair for us to review it. I will say that if we are able to secure the investment that we are proposing, to bring water in from out of the region, and to bring water in using that above ground surface water reservoir over time, then that will probably reduce the likelihood of that. Ultimately this is about protecting the chalk streams for us in the Cambridge region, and we want to make sure that the right investment is made so that we can secure those supplies for the future.

Q2 I have a series of questions about the effectiveness of official and unofficial temporary use bans, and I have the advantage that Cambridge Water have already given me some information about this. I understand that a temporary use ban usually produces an 8% to 10% reduction in water use. Is that typical? Is there much variation? And what's the base line on that?

A2 So, traditionally, temporary use bans that we used in the 90s, which is the last time that we've seen a lot of temporary use bans prior to last year, we were in the region of about 8-10% savings. The analysis of last year when some water companies did put temporary use bans in, shows that, this time round, that number was a lot lower, and it was around the 4% mark that we were seeing as a saving. What we were also seeing through those water companies was the longevity of those savings was not very long at all. So, after 2-3 weeks, you start to see usage creep back up again. So that's the findings from last year.

Q3 (Relates to Q2) Last summer, local usage went up 25% during the "unofficial temporary use ban" as we call it, when there were just communications to local residents asking them to reduce their use of water. Was that increasing usage typical elsewhere? Or was it a purely local phenomenon?

A3 So a temporary use ban, or a TUB is what people tend to refer to as a hosepipe ban. It is a restriction on your water usage, and there's quite a few areas where there are restrictions and there are areas where there are exemptions, for example, if you have a medical condition. The reduction is based on the demand that is being seen at the time, so what we tend to see is that when companies announce that there is a hose pipe ban, or a temporary use ban coming into place, in the week before the usage actually increases quite

significantly as customers stockpile water, undertake quite extensive garden watering, etc ready for the ban coming into place.

Q4 I'm worried about the impacts locally on our chalk streams and this license to take so much water out of the aquifers. You can see it has damaged the quality of our chalk streams, some have disappeared completely, so what are you going to do about it? I can see you've got a bit of a dilemma, as a company. Your main aim is to sell us water, and alright, you're talking about the environment now, but protecting the environment has an opposite effect to wanting to sell us water. It's a really big problem, so could you start your water reduction now?

A4 We will be, yes. So, from an abstraction point of view, we are looking at abstracting less by 2030, so our abstraction will reduce from the chalk aquifers by 27 million litres per day. We're then looking at probably an additional 25 million litres per day as soon as the fens reservoir comes online and enables us to make the next set of reductions.

Response - It's too late.

A4.1 We have already reduced our abstractions by about 20% in recent years. The real challenge for us now is to get surplus water brought in out of region, so that we are supplying Cambridge with a more sustainable source. We are duty bound to supply our customers, so we are working hard to encourage customers to consume and use less water. We need to do our bit around climate change and the leakage challenge that we face as well. All of the above matters to us and it's crept up on us quite acutely. 5-6 years ago in our business plan, there was not a focus on the water resources challenge that we're facing today, so we're moving as quickly as we can, we appreciate that it isn't tomorrow. Customers can help us by using less water, and we need to get on and secure that investment to help protect those water quality aquifers that we currently extract from.

Q5 What is the plan for the roll out of smart meters, so everyone pays a fair share subject to the safeguard for the vulnerable?

A5 So the plan would be to extend the existing coverage of our metered customer base in the Cambridge region, up to 100% levels and we want to do that as quickly as possible. It will take a couple of years to get through. These will be smart meters, they will help customers to understand their consumption, they will help us to understand the opportunities greater around things like leakage as well and if we are able to support this plan, we are looking at ways to advance this so that we are not waiting until the start of this business plan period which will be 2025, but that we're actually advancing that, and we'll start to install these meters months ahead of that. So, we'd like to get on with it, we just need the support to do so.

Q6 Who is abstracting water to supply Northstowe and Waterbeach? Approximately 10,000 houses each are to be built over the next few years. Which company is sending out the bills for that water, and if they are different, why has that arrangement been made?

A6 so I think the sites you're referring to are the ones that we call NAV sites, is that correct?

Response - I don't know what the sites are called, but these are new towns. Northstowe I believe is 10,000 houses and Waterbeach is 10,000 houses. They're in the process of being built and I just want to know who is abstracting water because apparently they are in Anglian water areas, but Anglian water do not have capacity to supply those houses. So, who is abstracting and who is billing and why that arrangement?

A6.1 So I believe Northstowe is us, but I can come back and confirm, and if that is the case then we will be billing them and supplying their water, but I can come back and double check for you.

Chair - With colleagues from CCW we will make sure that that gets followed up and that a colleague from the company come back with a specific answer to you.

Q7 With the planned increase of over 100,000 people in south Cambridgeshire alone and increases elsewhere in the region, how can you assure us that the current plan for new source is sufficient?

A7 It's a great question, and that's where our business plan links closely to our water resources management plan. For the Cambridge region we've submitted our draft resources management plan and it's been out for public consultation, and that plan looks at making sure that we have enough water in the region and sustainable water both for our customers and for the environment up to 2050. So as part of that, we look at those growth projections, so we look at all of the information from the local plans or the forecasts and we produce a range of scenarios for how we might see growth in the region. We then develop our plan according to that to make sure we can meet that additional demand and we then stress test that plan against different scenarios. So, against a higher growth scenario and a lower growth scenario to make sure our plan is robust enough to manage that. If there is a substantial increase in that higher growth scenario, it may be that we form an adaptive plan, which means that if that higher growth is recognized, we take a different route of our water resource management plan as we go over the time period. So, it gives an adaptable plan should that come to pass. But we do utilize all of the information from, as I say, the local planning authorities to make sure that we are building on the latest data and using that to forecast future demand and therefore what our future supplies need to be to meet that.

Q8 I was just thinking about what you said about increased usage. Potentially I think that has a lot to do with home working as well, but I don't know if that's the case or not.

A8 It's a good observation. We did see throughout the covid periods when everybody started working from home, certainly, consumption from home increased and consumption decreased in businesses so there's a correlation between the two. Some of that has naturally stuck since most have adopted hybrid working so most people are still working from home a couple of days a week. What we haven't seen though is that levels reducing back down to pre-covid levels so that makes the challenge here even harder. We're all using water more than we did before the pandemic and that comes into play here when we think about how we need to face those resource challenges and what we need to do to secure the funds that we have talked about today.

Q9 Why don't you really encourage reduced usage by, for instance, having a very low rate for people's initial usage - let's say up to 100l/p/d and above that, massively ramp it up. So that those people who are filling swimming pools or spraying their lawn actually feel the pain of it costing them more. Can you do that?

A9 First of all you're to be commended, I wish there were more households like yourself.

Response - Well you don't because your income would be half.

A9.1 Well that actually wouldn't be the case. There's a bit of a myth that we generate revenues if we sell more water. There is a balance every 5 years. Our revenues are re set.

Response - I don't understand that (cut off by chair).

A9.2 We can come back to that point. But just back to that point you made about per capita consumption, collectively, an average household is using far more water than we should and we need to be so I will just ask the team to come in and provide a broader view as to where we get that figure from.

A9.3 Great question. We have consumption monitors where we look at a range of different types of consumers, different types of households and that's how we understand how much water our customers are using, along with the data from our customers who are metered. So, you are definitely behaving how we would want all of our customers to, but you are different to the majority with how much water you use.

Response - it strikes me that twice a year you send me a metered bill and it usually comes with a stupid leaflet telling me I'm using 100l/p/d when I'm not. But all you need to do is collect one single data item extra for each household and that is how many people are in that household and then you could actually present your bills to metered customers saying you are using so many litres per person per day. Well done you're half the average or oops you're a little above average. Why don't you do that? You could even guess the number of households as an initial exercise and then leave people to correct it themselves.

A9.4 So we do do that, we do make an estimate on how many people live in certain types of properties and we do validate that by going out and checking with our customers. We don't ask everyone and not everyone's willing as you to share that information and we do do that in our calculation.

Response - My question was why don't you present the bills that way then?

Chair - That has been noted. I'm moving on.

Q10 I'm doing all I can to reduce my water consumption. I've got water butts. I'm watering the garden with rainwater and watering the plants and I'm doing the washing of the cars etc. so I'm doing everything within my control. What's not in my control is certain aspects of grey water usages and I've heard a lot about the house of the future collecting water that comes from the roofs and re using it within the house for flushing toilets etc. so I'm wondering where that comes in the agenda for South Staffs Water.

A10 Great question. This period we do have a commitment already to working with home developers to make more water efficient homes, and all those things you just spoke about are what they try to develop to do that. We're looking at that and grey water usage - how can we capture water - can we put tanks in people's gardens. They're all the things we're looking at and trying to incentivize our developers to do. Looking towards trying to develop water neutrality homes.

A10.2 So I think the challenge with that particular aspect is the most cost-effective way to do that is that when properties are built, we retrofit those sorts of things, whereas on your house it would be very expensive, so it is incredibly difficult to get home homeowners and developers to do. So, what we are trying to do is to work with developers to make sure we are incentivizing them to put those sorts of systems in in the same way that solar panels are put in and this has become standard. This will become standard in the future too. And we're also playing an active role in terms of trying to encourage government regulators, house builders' associations those sorts of organisations to work with us as a company and as a sector to try and really push that water efficient homes as far as we possibly can.

Q11 How have you communicated information about your plans to Cambridge residents because they focus on behavior and saving water. I'm worried that our people are not aware of the urgency of the situation. And I'm struggling to see how you expect people to change their water usage if they do not appreciate how dire the state of the chalk streams is, the fact they should be using less water etc. and then on the other hand

there's no hose pipe ban. Last year we understood that the Environment Agency begged for hosepipe bans from Anglian water and Cambridge water and these were refused. I'm not quite clear why they were refused but a hosepipe ban does not create a sense of urgency. Most Cambridge residents look at planning applications going through for hotels and power showers etc and think why should I bother to save water for my little garden when all that's being passed. So, tell me, how are you going to do things differently in terms of your messaging because there have been a lot of press reports that water companies have been hiding plans (interrupted by chair).

A11 So, we're certainly not hiding our plans, they're co created with customers. Events like this are excellent to get that extra scripting and challenge. We do offer a lot in terms of education. We're out in schools talking to children about water efficiency. We provide lots of water efficiency devices as I think someone mentioned but maybe not positively, but we do do that work and we're just about to go live in our Cambridge region to try and drive that behavioral change over the summer months. So, we do do a lot, we could do more. There is no hiding here. We're happy to share our plans and talk about it. There were definitely no messages from the Environment Agency to us about being desperate at any time last year for a temporary usage ban so I'm not sure where that's come from but I'm happy to pick that up with you offline.

Response - that comes from a drought meeting and that information was passed onto us by the chair of CPRE Cambridgeshire. That was actually at a drought meeting, a discussion we have with the Environment Agency about drought and the situation of the chalk streams. And this also came up in the chat at a natural Cambridgeshire meeting attended by the managing director of Water Resources East who did address that question, did acknowledge that there had been a request from the Environment Agency for a hosepipe ban and what he said was that thresholds have not been reached yet. So maybe you could tell us a bit more about the thresholds.

Chair - Asks that CCW follow this up between the customer and SSC. But SSC, can you just answer the hose pipe question that was originally in the customer's question.

A11.1 Just for clarity, the bit we're talking about on the hosepipe bans, we're talking about the thresholds.

Response - This came up in a meeting at natural Cambridgeshire. It is recorded in the chat. I asked why they had not responded to this plea for a hosepipe ban and he said this was because thresholds had not been reached.

A11.2 Our drought plan is approved by the Environment Agency and Defra. As part of that plan, we establish what our drought triggers are and then what the thresholds are for when you would enact various activities including temporary use bans. So, for the Cambridge water region because it is all ground water it's all to do with the speed at which we get recharge back into the aquifers after rainfall and after a drought period. Which is why we say that thresholds were not reached last year. I think it is important to note that Water Resources East is not a water company it is an independent organisation. We do contribute to Water Resources East but they don't speak on our behalf.

Response - You're on the board of Water Resources East.

Improving resilience and securing future supplies:

Q12 Do you have any plans to make better use of Blithfield reservoir? There used to be an education center that closed some years ago. Are there any plans to open the center again as educating future generations is important in saving water? Also, Blithfield is lovely to walk around but there is a lack of recreational activities that visitors can partake in.

A12 Really helpful suggestion and we're more than happy to reflect on that and consider that. We used to have an educational center there. It's a lovely site we encourage you all to visit. We're still very active there, there's a sailing club, there's a fishing club. It's a brilliant place to walk around and if we can do more to make that amenity more accessible, we're certainly committed to doing that. The education center wasn't as successful as we'd hoped, and we find that we're more effective in going into schools and educating our future customers rather than encouraging them to come and visit the education center unfortunately. That may have slightly gone down because of the pandemic so if we can revisit that that would be great. But it is a fantastic amenity and any suggestion of how we can maximise the wonderful experience of that site we will take that and reflect on whether we can adopt and take that into our plans.

Q13 What proportion of water is lost by south staffs and Cambridge by leakage? How are you going to reduce this? Over what period of time and at what cost to your customers?

A13 We are acutely aware of the fact that leakage is incredibly important to our customers and stakeholders hence we are looking to reduce leakage by 15% in this 5 year period up to 2025 and then reducing it by a further 18% in Cambridge and a further 8% in south staffs in the next 5 year period. Pleasingly we're doing a good job of achieving that so far, so we've already achieved the leakage reductions in the Cambridge region that we need to achieve by 2025 and we're in track in terms of achieving those leakage reductions in the South Staffs region by 2025. In terms of percentages lost, it's 16% in Cambridge and just under 20% in south staffs. And that is the number that we are driving down as quickly as we can and the comment around cost, dealing with leakage is expensive but we are delivering that as efficiently as we can, so we have increased all of our leakage activities in the last 2/3 years. We have taken on more staff to find leaks, more staff to repair leaks. We are using innovative satellite technology meaning you can find leaks from space. All those sorts of things and the driver for those things is to get leakage down as quickly as we can and also to do it as efficiently as we can because of course that cost gets passed onto our customers, so that challenge will continue for us and again it is demonstrable in that we are looking to commit to leakage reductions in the next planning period but our resolve and efforts in terms of reducing leakage is certainly here to stay, because every time we speak to our customers and our stakeholders, leakage is very high up on the list of things that people would like a water company such as us to reduce so that's certainly something that we are aspiring to do.

Q14 My question about future supply and infrastructure. It's about infrastructure in the broadest sense. Back in September 2021, natural England issued advice to planning authorities in Sussex that all planning applications have to demonstrate water neutrality. By that they meant that the use of the water in the affected areas had to be the same after a new development. They're talking about the Aram valley that includes areas of natural beauty and scientific interest and so forth and Natural England are worried that the over abstraction of water from the South Downs would harm that. That sounds pretty much like the situation that we are in in Cambridge. So, given the extreme pressure in the aquifers under Cambridge, would Cambridge water support the introduction of such a declaration governing the Cam Valley?

A14 We are working really closely with the Environment Agency and Greater Cambridge Planning as well as developers to have a look at the scale of the challenge that we're facing and also what the options and opportunities are as part of that development. So what element of development is sustainable and what additional stuff can be done to make sure we mitigate any demand increases as part of that. So we're looking

at the water neutrality element - where can we support developers with grey water reuse schemes, where can we look at rain water harvesting as part of these new developments? And as I say we're working really closely with the Environment Agency to try and make sure that we are embedding these in part of that planning process because the Environment Agency have raised objections to several developments in the Cambridge region for that reason so we're trying to work together to move forward in a sustainable way that works for both the environment and the growth agenda.

Response - That's a no. You wouldn't support such a thing despite working with the bodies you're talking about. So, the question is - I mean when we talk to the planners they say if Cambridge water is supplying water, we'll carry on. But you haven't, under what circumstances would you because currently as far as I can see I don't know of any developments that are not going ahead because there is not enough water. Yet you and everybody else are warning us that there is not enough water.

A14.1 There are a couple now. In Cambridge one for example one is in inquiry this week so when it comes to a household development, we're not a statutory consultee so we have no legal pushback on growth and development. It is our statutory obligation to plan and supply that growth. We have an obligation and a real strong push from ourselves to influence those agendas as much as we can by sharing those messages. We're there sharing messages about the water resource challenge that we're facing in the area and what we can look to do to fill that gap and how we can work with others to address those needs.

Q15 My question is about open extraction from the chalk streams. Last July I went on a visit to cherry Hinton Brook with several other councilors from across parties and we all took photographs of each other outside the dangerous deep-water sign "no swimming" at that point the water in cherry Hinton Brook was not even covering our soles. But we still were not in drought. This is not the only chalk stream that ran dry in July 2022. Incidents like this would appear to be evidence that your past water management plan is not fit for purpose.

A15 I think when we're saying whether a previous water resources management plan is fit for purpose, those abstraction levels are set by our licenses through the Environment Agency. And where we're adhering to those, we're appreciating that now those are not appropriate licenses moving forward. We're working with the Environment Agency to make them more sustainable and that's why we're going forward with these extensive caps that will be applied to our licenses. So, by 2030 we won't be able to abstract as much water through those licenses. We will reduce by 27 million litres of water per day. At the moment we abstract and supply around 85 million litres of water per day so we'll be reducing that by a substantial proportion by 2030 as we go through that sustainable license capping approach to try and move forward with these situations.

Q16 What is the current estimate of the actual increase in supply needs from the new sources when all the new forecast developments have been implemented.

A16 In the presentation earlier I talked about in the short term we need to pull in about 20,000 million litres of water per day from outside the region and that's what we're hoping to do as early as the 2030s but there's a gap up to then so we're looking at those license challenges and trying to do as much as we can around leakage to close that gap. When the broader more strategic reservoir support comes online that will give us about 50 million litres of water and that's about half of everything that we need to supply Cambridge currently so that will mitigate the need to withdraw that water from the aquifers and will keep that water in the aquifers

A16.2 By the time we get to 2050, that new development in the Cambridge region will lead to about 14 million litres of water per day, now we put in about 85 million litres of water per day. By 2050 that demand will have increased to about 99 million litres of water per day. That's based on looking at the population estimates for the future that we gather from our work with Cambridge Planning and other local planning authorities and the

current assumption of how much people are using so we plan for 110l/p/d and that's how we then forecast those changes.

Q17 A lot of this focuses on targets. What are the sort of targets everyone is working to? And one of the issues being raised about abstraction is that on 1st Jan 2028 the Environment Agency will have the power to revoke any abstraction license that is causing a river not to achieve good ecological condition and without having to compensate water companies. So, have the Environment Agency given you a list of the licenses they are going to revoke? Because presumably South Staffs work with the Environment Agency to save the Cam chalk streams. I mention this because it also came up at the Cam River conference last week where we had a presentation from Anglian water on the pipelines and he was asked about targets that they were working to and whether this would meet what's said in the national environment frameworks.

A17 Through our conversations with the Environment Agency we know exactly which licenses we are going to be capping and the date for those caps is 2030. There are some caps that will happen before then on licenses that might have time limitation on them so we have some of those in 2024. We also have some of those in 2027 so not all of those will be at that 2030 date. Regarding the 2028 date, there has been nothing communicated to us by the Environment Agency about any that would need to be done by 2028 our current working is 2030 through our discussion with them.

Protecting the environment:

Q18 I think it will be useful to ask a question that relates in part to water safety but also the data that relates to it. So, increasing numbers are swimming in open water and participating in water-based recreation. Some companies are publishing where they are putting sewage into rivers and seas, but it can be hard to interpret what this might mean. I can appreciate that this water company are water supply only, but I just wonder what their thoughts are around the transparency of data and how this might be shared with communities and individuals to make decisions about how they might interact with water and a more specific question to do with safety. There has been some training of staff and communities on water safety, and I just wondered what water safety measures are in place for the workforce of your company as well as talking to consumers about water safety.

A18 The open data point – this is something our regulator is asking us to look at with regards to how we share data and how we maximise the value of the data we collect. As a water company we capture a heck of a lot of information how can we share that with the likes of universities, academics to turn that information into some useful knowledge not just for the sector but for others to use too. And we're working hard to do that.

A18.2 Safety is critical to everything we do. We have strap lines along the lines of nothings so critical that we're going to injure anybody or any of our colleagues or customers etc. so all the way through our whole business, we make sure that everybody goes home at the end of the working day, and we don't adversely affect anybody's lifestyles. It is paramount to everything we do. We will never do enough from a safety perspective so we will always challenge ourselves to do even more. We are working in some challenging environments, high pressure water systems, confined spaces and we will never take those hazards lightly. Touch wood we've got a really good safety record and we will keep making sure that we strive to maintain that.

Q19 You say you're going to spend £12m on enhancing chalk streams. How does that compare to the amount you're making in profits or that you're spending on dividends and directors' salaries etc?

A19 There is a significant amount of investment from our perspective, that is £12m. Just to compare that to what infrastructure owners have invested - £40m into our business in this 5-year period and taken dividends well below that level. So, we think that's a significant contribution and we look forward to showing you what we're able to do with that investment. We need to focus again on making sure that we get those additional water sources live and coming into the region because otherwise this investment will ultimately be wasted if we spend all this money reinstating those chalk streams - get them to that prime standard that we're aiming for and then ultimately if we're not able to secure additional water sources to compensate then that will be a real shame. We are already committed to the broader environment stewardship responsibilities, and we've really got to work hard to convince you all of that and that's why you challenging us on these questions is really helpful today.

Response - I would like to get those figures which you've avoided giving me. But if you could get those figures out, please when this is recorded and just as a follow up the £12m I'm presuming is going to be spent on narrowing and making the chalk stream narrower to maintain the flow when everyone is talking about biodiversity gains. So, talking about having more biodiversity, yet we're going to have less water for that biodiversity. It is crazy.

A19.1 Just for clarity, the work we're planning on doing on the chalk streams is about restoring them to their native condition, so it's looking at reintroducing meanders, the gravel, reinstating the river bands, removing artificial structures. So, there's quite an extensive piece about restoring them to their natural environment - that's what the focus of the work is. As soon as we're able to make those reductions to our abstraction

licenses, the chalk streams are in the optimum position, ready to restore additional flow which is the key aim of our chalk streams river restoration programme.

Q20 What is your ambition for reducing your carbon impact on the environment?

A20 If we're producing less water and treating less water then we're not using so much energy, and our carbon footprint is reducing. But also, alongside that, we really are focusing hard on our renewable's strategies. We've got a personal ambition to be one, if not the first water company that actually takes its treatment processes off grid and treats all their water with renewable sources whether that's hydro, solar, wind we're not quite at that stage but we would love to reach for that. But the biggest thing that we can do is to drive down consumption and produce less water. That drives down the energy use and drives down the carbon footprint.

Q21 What is the current risk of pollution from your water treatment works and how are you addressing this in your plans?

A21 In the same way that we have abstraction licenses that limit the amount of water that we can take from the environment, we also have discharge permits which detail the conditions at which we must return water to the environment. We monitor that constantly from our water treatment works. We have an extensive sampling programme and we monitor and maintain those results and as part of that process if we identify any elements that are of concern we will invest and upgrade our assets as required as part of our assets maintenance and upgrade programme. We monitor and report on that to the Environment Agency as we do with our abstraction licenses.

Affordable bills and excellent service:

Q22 Who ultimately owns South Staffs and Cambridge? Is this ultimate holding company based in the UK or overseas?

A22 We are owned by an asset management company called Arjun Infrastructure. It is UK-based. And they manage about £5 billion of capital infrastructure as part of a portfolio. They have a range of environmental interests.

Chair - I think at the beginning of your presentation, if I remember rightly, you made a point about always being in private ownership, not being public. I think maybe some people are questioning that, particularly as you've got PLC in the name there. Just fatten out that answer if you would so there is a clear understanding.

A22.1 We would have grown up 170 years ago around a local supply of water in the Cambridge area and the South Staffs region into those local communities. It was a very health driven decision back then. But we were always the prime body, and we were never part of the broader local authority water supplies or the water board as it was known before privatisation. So, we never went on that journey we have always been held, obviously, ownership moved around a number of times since that 170-year-old history. But we've always been private. We've never been in the local authority public space.

Q23 This £12 million keeps being quoted. Is most of this £12 million coming from the consumers? So, we'll pay more for this water than if we weren't doing this investment? Because it does seem to worry me, these huge profits that are being taken without enough investment. Who's going to pay?

A23 So, customers do pay in the investments that we need to make to secure us the future. And that has been the case for a while now. The slide I put up at the start shows investors returns are about 4 or 5% of the revenue that we generate. So, we are being transparent about that. But the level of infrastructure that we need now to protect the environment, to do the right thing, to bring those new sources online, ultimately comes from customer bills. But what that does do is put an increase in bills through a sort of transition through to 2030 and it sees a typical bill for a household costing about £4.00 per month more. Whilst that's not the way customers would like to see it, it's the way unfortunately the system is working. But we think it is the right thing to do. And our commitment is to balance that additionally investment to protect the services but also to protect the environment and get that water resource in a sustainable way. That's what we're here to do. So, it is landing on customer bills. It's not going to dividends. But we think it is quite a modest way of doing that. We will also increase the support in terms of affordability, measures and support to customers who may well be struggling in that regard as well. It's important that we do that too. Ultimately, it's about getting those consumption numbers down, bringing those transfers in and just doing the right thing.

Q24 Can I ask what additional resources are being applied to customer services at South Staffs and Cambridge? I've been trying to get through to a real person since February. My meter was installed in March 2022, but my account online says I don't have a meter. I've tried the phone line, held for an hour then put through to a voicemail. Very frustrating. I've emailed several times, no response. I've tried voice chat;

promises were made but nothing happened. I feel trapped in a never-ending cycle of poor customer service that I can't complain about or resolve by myself.

A24 I'm more than happy to pick up customers' individual cases and circumstances after the call. Just to give a bit of context before I tell you about what we're doing in the future. We have had a series of challenges some within our and some without of our control. These range from cyber, which I think customers are probably aware of at this point, then we had freeze thaw in December which generated 200 more leaks than we would usually deal with. We landed a new billing system in January which has known challenges to any companies that goes into that space. We had a new telephony system as well. Fully appreciate the challenges that customers have had in terms of getting through to us and I won't play any of that down. So, in terms of what we've done about it, and the resource that's going into it, we've had 20 new call agents start in our call centre. And, they are fabulous, I met most of them yesterday. Which is a good injection of resource into that space so we are fully investing in that. I'm pleased to say our telephony stats, for example, are coming down so customers are only waiting, and it's still not great, I'm not going to address the ups, so around 6 minutes to get through to us at the moment. But that has come down significantly since April, so we are on the right tracks for that. We're now answering our emails 40% in 4 hours, so we've reshuffled resource around, invested further resource. And, in terms of our future plans we are investing a significant amount actually in what we call our omni channel offerings. So, customer journeys for all is our focus so some customers that would like to be more digital will have more options to self-serve. We'll still maintain and enhance our current channel also and invest in pop up hubs for those customers who can't always access our online or digital services. We're going to have much more presence in the community on a mobile basis. So, hopefully that answers the question. But, to summarise our service is stabilising. Fully appreciate the challenges but the metrics are that we've got to measure but more and more of them are in the green status where they should be and hopefully our customers can see that too.

Q25 Okay, I'm aware that part of the bill for the water meter is the water consumption. So, it's a consumption-based system approximately 50% I understand. But 50% of my bill is with Severn Trent for sewage based on my understanding which is the size of an individual's house. To me, that seems patently unfair because we're trying to get more to a fully consumption-based system both for water consumption and to service water, irrespective of whether it's South Staffs water or Severn Trent. Just wanted to know if South Staff water are working with Severn Trent to come up with a viable a fair, reasonable solution to customers.

A25. I think your waste bill is actually based on your consumption of your clean water so it should reflect that. Obviously, if you're on a ratable value for your billing then it's based on the size of your home. But if you've got a meter, it should be based on your consumption.

Chair- I'm going to ask that CCW picks that up with South Staffs and colleagues from Severn Trent to make sure that you get an answer to that in a bit more detail and check that out.

Q26 So, this one is about affordability. Just wonder how much financial support in total in pounds, you're proposing to make available to customers who are struggling to afford their water bills between 25 and 30 and how much or what percentage of that financial support will be funded from shareholder profits?

A26 In regard to how much our shareholders put in, so we're currently out engaging with our customers on our social tariff, on our support that we offer customers who are financially vulnerable and we're looking at engaging with them on all options around how much would you be willing to pay if it was just you, would you be willing to pay for example, 50:50 to our investors. Currently our social tariff is all funded by our customers but we're conscious of that need to grow if our billing increases to that which we give if not more, so we are looking at redefining what our offering is offer the next 5 years.

A26.1 We support 55,000 customers on a range of our different tariffs, and I can certainly get that in pounds and share them afterwards if that's helpful.

Chair-Okay, thank you and with CCW's help we'll make sure we get back to you with a more specific answer.

Q27 My point is that people don't value water and they use it too much simply because it is too cheap. And, I just don't understand why we don't have a tiered pricing system. Of course there are people who are suffering, but if we had a tiered pricing system it would ensure that everybody gets a reasonable, or what is considered a reasonable amount of water for their needs, but when it comes to things like power showers, swimming pools and jacuzzies and so on, that extra usage should be charged at a completely different rate that reflects damage to the environment and also discourages that sort of wasteful use. And it's not to criticise them because they have no idea and they do not value water.

A27 Ofwat doesn't allow us to do different tariffs just yet. But they are allowing us to trial new tariffs. We've just shared our plan with colleagues from CCW last week. We are looking at next year, so the last year of this planning period, not waiting until the next one to try a new innovative tariff that does exactly what you've just said. This looks at essential use, so that is water you need for hygiene, cooking, drinking. At a very low rate, or a low rate, and using the tariffs that already exist in our tariff structure. Using those other tariffs to incentivise customers to use less non-essential water. Just like you said for those people that are using a hosepipe and are not really thinking about because we do know the cost of water doesn't drive behavioural change. You must have that sustainability mindset to do it. So, we're looking at using tariffs to do exactly that, trialling it next year. We're keen to embed that into our plans going forward.

A27.1 It's a helpful solution. Water is too cheap in our region. If you compare it to the South-West of England, then the average bill is about £800-£900, our average bill is below £200, so the incentive is there. This new tariff hopefully will allow us to do something a little bit different but also it can be a tariff that can be applied at different times in the year as well. So, maybe in the summer months its more of a seasonal-focused tariff. But equally we can use it another way, to make sure those struggling financially do at least receive a fair and honest price for the water that they need as well and aren't penalised, so it does work both ways. We think this will help consumption, we think it will help the environment, we think it will help our customers.

Q28/Chair-Let's go back to the point which was this question about income and usage. And where is the incentive or disincentive to use less water when there may be exceptions. You touched on briefly that you'll make more money if people are using more water. Let's just unpack that as briefly as you can.

A28 Over the last 20 years or so meters or customers have had a choice to move to meters if they want to. And, over time we would have seen our revenues adjusted downwards whilst people use to meters and genuinely use less water. It's a bit of a misconception that people think we want to put you onto a meter because we want to charge you more for water, typically people use less water. So, our revenue structure, the way this works, is every 5 years, there's a levelling up exercise so that our revenues broadly remain constant to allow those that do move to water meters. So, that doesn't cause a bit of an effect and an unbalancing of those revenue streams. So, we're not here, in short, to sell more water to customers, that's not what we're about. We want to protect those water resources. We want customers to use less water and, as a result, our revenues are broadly constant.

Q29/Chair- Briefly, someone mentioned cyber. What is the status of the legal challenge re loss of data and customer data, information given to people. What was the issue, what happened, what stage are we at now please?

A29 First of all, apologies to everyone who was affected by the cyber event. This was a criminal state-backed cyber event. Russian spying on UK infrastructure. We were targeted last summer, and we have been pretty much in an incident mode ever since. So, somebody was able to hack our systems, trying to ransom us. We obviously weren't going to go down that route. We stood fast. As a result, unfortunately those ransoming us started to load sensitive data, customer, and employee data, to the Dark Web. So, what did we do? Well, we contacted customers as soon as we knew. There's some suggestion that we sat on it, we definitely didn't do that. The way the Dark Web works, it's complex, and we had to appoint various government agencies, so we had the National Crime Agency, and we had the National Centre for Cyber Security helping us. The moment we saw that that data was appearing on the Dark Web after the lag between the attack and when the data appeared, we then wrote out to all those customers affected. We decided to put in a support package for customers, dedicated contact service time but also a support package for customers so that their credentials on the Dark Web could be monitored and they could be informed if they were accessed in any particular way. So, we've done all of that. But particularly the question about legal challenge. Not quite sure what that's referring to, but we chose to do everything we could do to protect our customers. Maybe the question refers to the ongoing ICO, the Information Commissioner Office investigation, that's an ongoing investigation that I can't really comment on at this stage.

Questions end.

Additional Questions

In this section, we have addressed questions that were asked in the chat during our 'Your Water Your Say session,' that we did not have time to answer during the session.

Q1 In September 2021 Natural England issued advice to planning authorities in Sussex that means that all planning applications have to demonstrate water neutrality. That means that the use of water in the affected area has to be the same or lower after a new development as before. The area in question is the Arun valley, which includes areas of outstanding natural beauty and of special scientific interest, and which, in the view of natural England is threatened by the over-abstraction of water from the aquifers under the South Downs.

In view of the extreme pressure on the aquifers under Cambridge, would Cambridge Water support the introduction of such a condition in the Cam valley?

A1 We are supportive of all ways of reducing the demand for water, particularly as we look to mitigate the impacts of climate change on our water resource availability and environmental needs. Water reuse and recycling has an important role to play, and we're working with developers in the region to explore opportunities for this in new developments. Water neutrality is an area that is developing, and currently requires offsetting demand through other actions, and we would be keen to work with any developers to help identify opportunities to build on this, as well as working with the supply chain to identify new technologies and processes that can help.

Q2 My understanding is that what needs to be done is not fundable from existing income streams. SSW will need to carefully balance cost, quality and delivery. Should the cost of what needs to be done have been partially paid for by pre 2003 customers (eg. the planned restoration (due to infrastructure wearing out) that now needs to take place)) , ie have prior customers been undercharged, meaning future/existing customers now have to pay? If so, why did SSW not address this foreseeable issue?

A2 Our business plan reflects our current challenges as well as our statutory obligations as defined by our regulators. Since our previous business plan, we have had further discussions with the Environment Agency regarding the sustainability of our abstractions, and they published their National Framework for Water Resources in 2021, which outlines the long term needs of the environment. This had led to some of the key areas of investment needed in our plan in order to develop new water resources to enable us to reduce our current abstractions and protect and enhance the environment.

Q3 you can introduce hosepipe bans and compulsory metering whenever you want, yet you don't. Why?

A3 Since our reclassification in 2021 by the Environment Agency as an area of serious water stress, we are now able to explore compulsory metering as an option. As we have been developing our plans, we have engaged with our customers on this issue to ensure we have this support. As such, our plans include introducing universal metering for all customers and delivering this by 2035. The process for triggering a temporary use ban is defined in our drought plan, which is approved by both the Environment Agency and Defra. We have committed levels of service for our customers that detail how frequently we expect to need to use these restrictions. We will trigger a temporary use ban once the triggers in our drought plan are reached.

Q4 Water prices were increased quite a few years ago to cover the investment needed to pay for mostly unnecessary EC imposed requirements. Now that we have left the EC how much has that portion of our bills been reduced as those costs are no longer needed.

A4 Currently the UK has maintained existing standards and therefore there has been no change to our statutory obligations.

Q5 Many are unaware that we are short of water in our area. What are you going to do about that? why not use the bills?

A5 We are looking to improve our messaging on our bills, but we are also conscious that some people only receive a bill once a year and therefore the impact will be limited.

We are looking to explore innovative tariffs though and are going to be undertaking a trial on this in 2024. Currently, we are not able to offer different tariffs to customers as this is prevented through our economic regulation. Therefore, we are proposing a trial to demonstrate the potential benefits and are exploring incentivising customers to use less water by charging lower rates for those customers who have a lower water usage. We're keen to look at several options to understand which is the most successful, and we will work with Ofwat to influence a change to our current approach.

Q6: Although there is no actual hosepipe ban in place, is there in fact still an ongoing sprinkler ban in the Cambridge Water area?

A6 There is no sprinkler ban in place in the Cambridge Water area, although we are keen to continue to raise awareness with our customers regarding the amount of water these devices use and to promote rainwater butts and watering cans as a more sustainable method for watering the garden.

Q7 It would be good to know what the constraints are to implementing a TUB - we recognise the targets in the drought plan haven't been reached but this would appear to be an exceptional situation. I have heard different views from different agencies and my understanding is that a TUB could be introduced if circumstances call for it...

A7 We are reviewing our drought triggers as we understand the concerns that our current triggers would not trigger a temporary use ban during the first year of a drought, and we want to ensure that our triggers are truly the right ones to protect the environment and customer supplies.

Q8 How much are you relying on treated sewage to maintain flow?

A8 Treated sewage, known as effluent, is discharged into local watercourses and rivers. In our Cambridge Water area, all of our water abstraction takes place from the underground aquifers, and therefore has no reliance on treated sewage to maintain flows.

In our South Staffs region, we do abstract water from the River Severn which has a specific regulation which governs our water resource availability, and this regulation is controlled by the Environment Agency. Our other

surface water source is Blithfield reservoir, which is an impounding reservoir on the river Blithe, and therefore none of flows in the South Staffs region are reliant on treated sewage either.

Q9 What efforts is the company planning to ensure that where runoff water is returned to ground is reflected in bills?

A9 Rainwater runoff forms part of the drainage system which is managed by the water and sewerage companies in our areas i.e. Severn Trent Water in the South Staffs region, and Anglian Water in the Cambridge region. As such, the proportion of your bill relating to this function is determined by these companies and therefore we cannot comment on this.

Q10 It sounds like those with new Smart meters are having difficulties - is it time to switch to rolling out DUMB meters to ensure that all have a meter of some kind?

A10 We are keen to ensure all customers have smart meters as the information it provides to both customers and ourselves will help us to understand water usage more clearly and support customers to reduce their usage. If a smart meter does not work as it should, it essentially becomes a dumb meter until it is fixed i.e. it has to be read by eye. We are accelerating our metering installation programme as we were successful in our bid to Defra to undertake this work, and this will help us to deliver meters to all customers even quicker.

Q11 What grants are available from HMG and other agencies, UK and overseas?

A11 We work collaboratively with a number of groups to explore all funding opportunities.

Q12 How can I buy shares in SSW or its ultimate holding company?

A12 South Staffs is not a listed company; therefore, you cannot buy shares in it or the holding company

Q13 Given the extreme concern in the Cambridge area about the water problem, would it not be feasible for Cambridge Water to introduce some kind of experimental/emergency TUB as soon as possible (a) to flag the message to the wider public; and (b) to see what impact it would have. We know that the Environment Agency has been urging, in their regular meetings with the water companies, the companies to take more action. An additional reason for doing this would be that it would demonstrate that the company does listen to its stakeholders. I think we all recognise that TUBs alone won't solve the problem, but they represent a small step in the right direction and would start to give the public some confidence that they are being listened to. If there are REAL obstacles to this, could you explain what these are?

A13 We believe that educating customers on the current water resources position and challenges will drive sustainable change, and we have therefore launched a new water efficiency campaign in July that will encourage customers to ditch the hose this summer and use a hosepipe instead. We will be engaging with customer across a wide range of channels, including local TV and radio outlets, as well as attending several large events in the region such as Cambridge Folk Festival and Cambridge Country Fair.

Q14 If the average household reduces its usage from 140litres per person to 70 litres per person, then surely the instant effect on your income would be a halving of the metered-supply-related revenues from all those customers?

A14 Water companies allowed revenues are fixed by the regulator, Ofwat, every 5 years. During the 5-year period we have a set amount that we can recover from our customers. If we collect more than this amount during any year, we will return it to customers through reduced bills in the following year and vice versa.

Therefore, there is no financial incentive for companies if customers use more water. In fact it is the opposite. It costs companies more to supply more water due increased treatment and pumping costs associated, but we do not receive any additional funding for this. Additionally, water companies are penalised for missing their targets on reducing household water consumption. Hence, it is in our interest in customers to reduce water consumption and we actively encourage them to use water wisely.

Q15 what are the plans for low-income families, ie. any discount or anything?

A15 We already offer support for customers who are struggling, this is through a special tariff that provides a discount on bills. We recognise the current cost of living crisis and are working on proposals for how we can improve this to try and help more customers.

End.