



South Staffs Water



Cambridge Water

'Your water, your say'

Transcript of session held by South Staffs and
Cambridge Water

November 2023

South Staffs and Cambridge Water

'Your Water, Your Say': session 2

7 November 5:30pm to 7:30pm via Zoom

Speakers:

Kevin Johnson – independent Chair

Steve Hobbs – Consumer Council for Water (CCW)

Andy Willicott – Managing 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

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

Attendance: Both customers and stakeholders from the South Staffs and Cambridge regions 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 – have developed their plans for 2025 to 2030. This will set the price controls for water and for wastewater companies for the next five-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.”

The chair added that the company had 15 minutes to complete a presentation, before moving onto questions.

Company presentation:

The Managing Director of South Staffs Water and Cambridge Water, Andy Willicott, then presented the company’s supply areas, past performance, and plans for the next five years, along with the ways in which feedback from the company’s first ‘Your water, your say’ session, held in June 2023, had been incorporated

into the company's business plan. The report can be downloaded [here](#). The Chair then invited questions from attendees.

Questions posed by the attendees and the answers provided by the company

The themes covered the following areas:

- customer service priorities;
- long-term outcomes and how the five-year plan delivers the first part of the long-term delivery strategy;
- environmental outcomes;
- affordability

Questions:

Questions from chair

Q: Is there a reason why we're doing just one meeting for both Cambridge and South Staffs Water?

A: We produce one plan across two operating regions, but we are sensitive to the fact that these are two diverse regions and we have different challenges at each. We're doing one meeting because that's what has been prescribed by our regulator, Ofwat. Going forward we will reflect on whether two separate meetings would have been better. It is important to recognise that there are synergies between both regions. We are one team, we have one plan.

Q: 70% of your customers find the plan acceptable but only 14% find it affordable. 35% are saying that it would be difficult for them to pay. Have you got these numbers right? Are you investing appropriately in the things customers want?

A: Firstly, the amount of research that we put into this is extensive. We've engaged with over 90,000 customers. What we're saying is 70% of our customers following research conducted around our PR24 business plan say we have achieved the right balance in our plan. We could have spent more money; we could have been more ambitious and if that's what customers think we should be doing then we'd like to hear that. On the other hand, if customers think we've been too ambitious, we should be spending less money on bills, we'd like to hear about that as well. And the most important thing when we think about the difficulty in paying is we're really serious about ensuring that we tackle water poverty, and that's why we're going to extend our social tariff for customers that gives them an 80% discount on what they pay to 60,000 customers. Across both regions, that will help with the affordability challenge to address the specific point that is raised here. We're also going to launch the essential use tariff that I referred to in the opening presentation so that everybody has the opportunity to save money and we're not just targeting those that we have specifically targeted through the Assure social tariff. So this is the balance that we're reaching for, here, Kevin, and we think this is the right one.

Q: How are you correcting your customer satisfaction levels and how can people on this call have faith that you can deliver this plan and that you can look after them and service them appropriately?

A: We have a really strong track record on delivering previous plans. Last time around (the period covering 2020-2025), it was all about upgrading the treatment sites in the South Staffs region. This time around, it's more focused on tackling the environmental challenges in the Cambridge region. Our customer satisfaction levels are increasing. As we speak, we're working hard in that space and that gives us a degree of confidence that customers are connecting with our plan. We have had one or two challenges in specific areas around complaints and we did suffer earlier in the year from a criminal cyber-attack and that has impacted the trust of some of our customers, understandably, and that investigation continues with the Information Commissioner's Office. So I point to our strong track record and fact that our scores are improving. Our trust scores have been dented a little bit, as the whole sector has, and this has to do with the cyber event as well. Our trust scores are still at around 7 out of 10. So we think we're in the right place with this.

Customer service priorities

Q: I have both South Staffs and Severn Trent bills on my singular water bill. I am pleased to say that the bill from South Staffs is based on my consumption, because I have a meter but the bulk of the charge from Severn Trent is based on the size of my house, which is a detached house. How can you incentivise lower water use, and how does the relationship between you and Severn Trent work?

A: We collect on behalf of Severn Trent Water in the South Staffs region and Anglian Water in the Cambridge region. That's because we're trying to make it simpler for customers to pay one bill, rather than receiving a bill from Severn Trent and then a bill from us. We think that wouldn't be as effective. So, we're trying to make things simpler. If we need to be clearer on the bill, we can certainly take that away and look at that. We may want to look at the format of the bill, as well and double check that it's as clear as it can be to help you in the future. Secondly, we're keen to incentivise customers to use less water. It's a bit of a myth that we're just here so that you can use as much water as you want, and we can make a profit based on this. It doesn't work that way. We submit a plan that says "This is how much we need to operate our business" and then Ofwat decides whether they support that or not. So, we are passionate about driving down consumption. You see the benefit in lower bills. I mentioned the innovative essential use tariff earlier that we want to introduce that would allow everybody to have an essential use element to their bill and then a non-essential use.

Additional information added post-session: Severn Trent held a separate 'Your water, your say' session where they could address the element of this customer's question that related to the services and billing done by Severn Trent. All attendees of South Staffs and Cambridge Water's 'Your water, your say' session were made aware of Anglian Water and Severn Trent's 'Your water, your say' sessions which were to take place after this one, and were signposted to the registration forms for these so that they could attend the sessions of their waste water service providers and ask any relevant questions.

Q: How is cross-contamination from wastewater and run-off avoided in Cambridge chalk streams and the River Severn?

A: Every registered abstraction borehole has a dedicated protection zone around it. They are continuously monitored and observed, and we have sophisticated telemetry that does that, with visual inspections as well. These protection zones drive robust treatment facilities, and they influence that treatment facility that's actually in place for each specific borehole so that we're always confident that we're getting first-class water.

Q: My concern is pollution of our water by consumers rather than farmers. Why do I never see information adverts about telling consumers what not to pour down the sink, the drain, the toilet, for example; oil, paint, bleach, etc? Can we expect our water companies to keep our tap water clean?

A: We are working on our customer communication plans and we've been a lot more proactive recently. What I would say is that Severn Trent manage the waste part of our network and they are particularly good. I've seen some commercials from them. Severn Trent use the 'three Ps' around what to put down your toilet, and that's their campaign. So, we don't heavily emphasise that because it is a Severn Trent-owned concept, but absolutely we can look to do more partnerships with them. Our customer communication plan is being built now and will include lots of different things like water efficiency, affordability, etc.

A few months ago, we launched our first TV advert. We've got some really good feedback both from customers and CCW on that. That was our first reach out via that channel and we're certainly reaching out by other channels. We also recently did an interview on BBC Radio Cambridgeshire. We've been a lot more active on social media. We're doing text campaigns and email campaigns across a whole range of topics. We're more proactive now than we've ever been before. This is key as part of our plan, especially for PR. We've put a lot more investment into our proactive communication.

Q: When can household and non-household customers expect to have meters fitted and what benefits will this deliver? What's in it for us customers?

A: We're proud of the work we've done on metering in the past few years. We've done a bin lorry trial, for example, in some of our rural and urban areas in our South Staffs region where we're reading meters fortnightly because the Council are driving past on our behalf and collecting those reads with their bin lorries. We've tried a lot of different technologies and in terms of what's in it for customers, they'll be able to have a more granular view of their consumption. We'll look at the data and proactively contact customers if we see that there's an anomaly, if we think there might be a leak. We had an example two weeks ago, actually on a farm. There was a farm in one of our rural villages where we'd looked at our fortnightly data and said, "Oh, that consumption looks a bit strange. Let's investigate." There was a leak. We got it fixed. Perfect for the customer. Perfect for us. So, there's lots of benefits for customers from high consumption, leakage, and affordability standpoints. They will have more view and control over their consumption. So, customers can save water and therefore save energy and money too.

Q: The target that you have in Cambridge Water for fixing the pipes and the leaks seems very low and unambitious compared to quite a lot of water companies in the region and I would like some really clear reason why the leaks in our region cannot be fixed faster.

A: It's worth putting our leakage in context a little bit. The industry average for leakage is around 20%. In the Cambridge water region, we're at about 15½, 16% leakage. We're one of the lowest in the industry, but we absolutely recognise we have to go further. So that is why our plan looks at doing 50% by 2040 in the Cambridge water region. Now that's the fastest of all water companies. The Environment Act target is 2050, and therefore we think it's a really ambitious target, and the reason for that is because of the water pressures that we have in the Cambridge Water region. We know we need to go further and we need to go faster. Also, if we're going to ask you as customers to help save water, you need to see us doing our part and leading by example. That's why we've got a target that we think is really ambitious.

Q: With regard to smart meters, does this mean we will have the technology to get reads every 15 minutes? I believe other water companies will use this time and this will provide customers with a 24-hour read.

A: We fully appreciate the power and benefit of more frequent meter reads. We've tried a number of technologies. There's a particular one that gives you 15-minute reads. We've trialled that in about 250 customer homes across the South Staffs region over the past year and it's shown great results. The challenge we've got with that is the cost of the meter. We're given a set amount of investment from our firm by Ofwat.

We have to decide where that goes. So, what we're trying to do in the next five years is put ourselves in a position where it will be a lot easier for us to invest in smart meters. One of the things that we're doing, is we've invested in Diehl meters, which will allow us to upgrade to smart metering at any time without the need to replace the actual meter. Over the next five years, although our plan is not to provide customers with a lot more meters in the immediate term, we'll be in a better position to do that in the following five years (2030 to 2035). This is a sector-wide challenge at the moment to balance that investment because we ultimately want to keep the customers' bills as low as possible.

Q: What else is in the mix when it comes to helping customers be more efficient with their use of water?

A: Metering is important for us as an enabler to do so many activities, to manage demand and to meet our long-term targets. We know how much water goes into our network, but we don't know exactly where every drop of that water is going without having a full metering network. We mentioned social tariffs and trials, but also behaviour campaigns will help customers to be more efficient. If we can provide customers with more information around how they use water that can really help them to shift their behaviour. We're also working with energy providers. So, we know in terms of hot water use related to energy is about 20%. If we can reduce our energy with less hot showers and hot baths that could also help in terms of not only reducing your water consumption but also your energy usage as well. There's lots of things you could do, and a key area I would say is around awareness and why it's so important to save water.

Q: How many lead supply pipes remain in the company's areas of supply? And what are the risks to the customers of these pipes and what is the company planning to do about them?

A: The history of lead is quite complicated, and the data is somewhat challenging at times. We believe there's probably about 140,000 lead supplies across both regions. The majority are likely to be in the South Staffs area. At our treatment plants we dose with a chemical called phosphate. That chemical stops any lead leaching out of that communication pipe. That has been recognised by health bodies for many years now. The risk to customers is extremely low when we dose with this chemical. In our plan, we have stated that we want to target high-risk areas such as schools and churches, which have been historically built using lead supply pipes and carry larger populations. We intend to replace another 15,000 over the next five years. But I can't stress enough that because we add phosphate to the water supply, customers are protected from lead leaching.

Long term outcomes and how the five-year plan delivers the first part of the long-term delivery strategy

Q: How serious are the water supply problems in Cambridge? I am also confused as to why we're building a reservoir without something being done about coastal defences. That reservoir is going to be flooded within no time by seawater.

A: Our water resources management plan is a 25-year plan that outlines what we think the demand for water will be, what we believe we have available to supply and what the balance is between them. If there is a gap between these, we need to state how we're going to fill that gap. In our plan we have to make some substantial abstraction reductions from our existing sources, which are predominantly from the chalk streams.

This is in order to restore those chalk streams and protect them for the future. The timing of that means that we have to make sure we can bring some new supply-side options on board in order to backfill the loss that we will find from a reduction in abstractions from chalk streams. Now, we can't be in a position where we don't have water to supply and that's a conversation we're having with the Environment Agency around the timing of some of those caps, not all of them, but to make sure that we balance that with when those new supply-side options are available to come online.

In the short term, our plan needs us to manage demand for water before we can get those supply-side options. That's looking at the leakage we've talked about, the metering programmes, water efficiency and then Government-led initiatives such as water labelling, which will also help to reduce the demand for water. Before we build new supply options, we really want to reduce the demand for water because otherwise everything will have an environmental impact as a result of that. So, then what are we doing about getting new supply-side options? Well, the first one that comes online will be a transfer of water from Anglian Water's Grafham reservoir into our area. And that's currently scheduled for around 2031. That will bring in quite a large proportion of water and allow us to meet all those additional licence caps that we wouldn't be able to meet by 2030.

Then, as you said, we're proposing the Fens reservoir in around 2036, 2037. We're working hard on developing that and that's really progressing with pace. The reason that it's in the Fens, appreciate it might sound a little counter-intuitive, but you must build a reservoir where the water is and where we can get water to fill it. And so it's relying on water sources in the area where we have got an abundance of water and that's why it's situated where we have got an abundance of water. As part of that plan, we're doing a really extensive view of the Fens as a whole and what it would look like over the next 5, 50, 100, 150 years to make sure that the reservoir does not get overwhelmed. The whole style and shape of the Fens reservoir will be an embankment reservoir so rather than it being sunk down, it will be built up and that will provide some protection from flooding. Some great projects are currently being led with the Environment Agency and one is called the Future Fenlands Initiative, looking at how we can protect the Fens for the future.

Reply: I've also read the Water Resources East plan and I seem to recall it was talking about a £6 billion investment required to upgrade the coastal defences and the sluices, and so on. None of that work has yet commenced. Also, your target for reducing demand is actually quite poor and the Green Party are suggesting that we could achieve 80 litres a day per person rather than the target of 110 that you're talking about.

A: There's a variety of projects that are leading on updating coastal defences. The whole point of having Water Resources East and having a regional plan is that we can connect all these pieces together. And that we're looking at water resources as a whole in the region. So, I think at the moment that work is predominantly dealt with through the Environment Agency.

The current target we've got for per capita consumption is 110 litres per person per day by 2050, which is the Environment Agency target. But you're absolutely right. We need to do everything we can in terms of demand management through metering, behaviour change campaigns, water efficiency, and also work in partnership or collaboration with the sector and with the Government. There is scope to go further than the 110 litres per person per day. If you look at our plan and demand management and consumption behaviours, there's a lot of uncertainty around whether that's going to shift or not shift. So we have said that we need to achieve 110

litres per person per day as the sector ambition and the Government target, but yes we need to go and do what we can do in terms of achieving more.

Q: On one hand you want to reduce the amount of water we're using because there's not much there but on the other hand, you earn money from it. Can you explain this?

A: Our business plan, submitted to Ofwat, includes the costs that we need to run our business and the costs that we need to invest in our in our business, and that would get spread across our current metered and unmetered customers. We're genuinely passionate about reducing the amount of water we consume. If we reduce this amount, we can all reach for lower bills through reduced operating costs. What then happens at the end of that five-year cycle, is we submit our subsequent plan and there's a bit of a true up, a balance that occurs every five years that means that we're always able to recover the revenues from customers that we need to run that business. And that gets reconsidered every five years and our revenues are reset accordingly. I'd like everybody to understand that we're genuinely keen for people to use less water. I think the value of water across the country is really misunderstood. We're facing real challenges in terms of climate change. We want the lowest level of per capita consumption as possible and as I say, that is not influenced by the fact that we're here to sell water.

Q: I don't really understand why leaks aren't top priority?

A: The level of abstraction reduction that we're going to have to make through changing the licences is around 27 million litres of water a day. Our leakage is currently around 13 million litres of water a day, which is low in comparison to the rest of the sector. When we're looking at the lower levels of leakage, it becomes more difficult to find them, to repair them and more costly as a result. There's a lot of innovation going on in this space but we need some of it to happen quicker to help us get there. That's why we think there are opportunities to do additional demand reduction, where we can go and raise customer awareness, and businesses and commercial customer awareness, because in the Cambridge region they use around 35% of our water. So, if we can find leaks on their properties or if we can find wastage on their properties, we can make some quite substantial reductions. 35% of our leakage is on private side pipes, customer-owned pipes or business-owned pipes. If we can use smart meters, we can make quite substantial reductions in consumption overall. So that's why we've got a plan that we think balances those different opportunities.

Q: As we saw last year, there was very much a reluctance on the part of Cambridge Water to introduce hosepipe bans and we do think this would be a sensible path to take. It's not going to fill the whole gap, but it sends a strong message to the public about how we use water.

A: We don't have the powers to introduce a temporary use – or hosepipe – ban. We must go through a formal process that goes all the way up to the Secretary of State for approval before we can trigger that. And as you said, we haven't reached the required levels to do so in recent years. The world is changing, though, and we need to reflect on and seek support from regulators to apply differently in the in the future. The introduction of a temporary use ban is always seen as a supply failure and that's just not the case. So, we would love to have those powers in the future, and we would happily stand by others that campaign for that. We've tried to

help ourselves here through the essential use tariff. If we have that new innovative tariff in place so that everybody has a base level of water that they can use, but then those that are exceeding that base level pay a premium for doing so, I'm hoping that drives a behavioural shift that might be more permanent. So, I'd love to have those powers. We don't currently, we've developed something as an alternative. And we will continue to have the conversation in this space.

Q: Can we get central Government to speed up the supply of extra water from Grafham? It cannot be impossible to do the infrastructure for this more quickly. Secondly, I think we need to be harder on those people who water the grass around Cambridge for no good reason whatsoever.

A: The Grafham transfer is reliant on the fact that, currently, Affinity takes some water from the reservoir. What we need is to backfill that supply for Affinity so they do not take that water, which means we can have it. So, we're reliant on Affinity Water being able to build some new supply-side options so we can then have that extra water. That's reliant on another large scheme that will come from the Midlands area, bringing water down the Grand Union Canal and then that will free up the water from Grafham. So, it's quite a daisy chain of activities that need to take place before we can then have the water from Grafham and build a pipeline into our area. In the meantime, in the Cambridge region the Government has set up a water scarcity group. That is being led by Defra and by the Department for Housing, Levelling Up and Communities. The point of that group is to look at how we can alleviate some of the water scarcity challenges that we have in the Cambridge region. One of the opportunities through that group is looking at how we could speed up that Grafham transfer. So how do we enable those planning processes? How do we enable kind of joined up working to make sure that that program could go through as quickly as possible? Unfortunately, it's not as simple as just building the pipe from Grafham and we must release the water for Affinity first which will rely on two other schemes to do that first.

Q: Why don't you lead rather than being forced to do things by regulators? Why isn't there more leadership?

A: That's why we developed our essential use tariff. People will pay a premium if they want to use excessive amounts of water. Some customers see us asking them to reduce their water usage and see this as a service failure, because access to clean water whenever we want it is a right. But this is an environmental challenge, and we need help to tackle it. So, we will be using different tariffs which help to drive that behaviour.

Environmental outcomes

Q: I'm worried about the environment and I totally support the Environment Agency's abstraction reduction requirements that they're imposing on you. Can you tell me how serious the damage to the chalk streams in Cambridge will have become by the time that you're able to reduce the current abstraction rates from the aquifer?

A: The first set of abstraction licence changes we'll make will be in around about 2030. The purpose of those is to prevent further deterioration of the chalk streams. Our plan shows that we will not increase our abstraction from current levels between now and then, and then when we cap them, they will be at lower levels. So, they

will not be deteriorating any further through increased abstraction. Now, we obviously have climate change that will be having an impact over that time period. But we will not be increasing our abstraction between now and that time. We then have a second phase of abstraction reductions that we'll make around when we get the Fens reservoir in place, and that will enable us to help restore those chalk streams, but also to protect them from future climate change. So, we're protecting proactively in that situation.

Q: What portion of your water supply is taken from rivers and groundwater sources, what are the risks to wildlife and biodiversity of abstracting from these sources and how do you address these risks to protect our environment?

A: In our South Staffs water region, about 60% of water comes from surface water, as we would call it. That's rivers, above-ground sources, etc. Around 40% then comes from underground borehole sources. In the Cambridge region, it is 100% from underground water sources. Obviously, that will change when we get the Grafham transfer and the Fens reservoir, which will equate to about 70% of our water. Our abstraction licences have limits in place that are based on the level of flows in those environments and that's another reason that we have quite extensive biodiversity improvement programs. Also, we've got a really ambitious chalk stream river restoration programme that's ongoing. We have a large environmental team and programme that looks at how do we undertake things like reducing invasive species in our areas and how we improve habitats for protected species such as brown trout.

Q: What is the company doing to make itself more energy efficient and to be NetZero overall as a sustainable business?

A: The most significant thing is the existing upgrade to our Hampton Loade water treatment works in the South Staffs region. We are moving away from traditional filtered treated water to ceramic membrane technology. Now, in short, that negates the need to treat the water using ultraviolet treatment processes, which are quite carbon intensive, quite energy intensive. This will be the largest ceramic membrane treatment plant in the world by the time it is constructed and that's due to come online in December next year. We're proud about that. It's going to be sector-leading in terms of retrofit and the capability to increase the production of water at sites, but doing it in a much more environmentally-friendly way. And as I say, it's leading the sector. They do exist, in other parts of the country, but this is the first retrofit and will be the largest on the globe by the time we finish next year.

Q: It seems strange that you're recycling water in Staffordshire, and you haven't gone to that provision in Cambridgeshire. Why can't we benefit in Cambridgeshire from your learning and experience in Staffordshire?

A: The plant that we just spoke about for South Staffs treats surface water. So that's a very different treatment process to what we currently have in Cambridge, since all of our water sources are underground. But we're absolutely looking at recycling water in different ways in the Cambridge water region. We have our plan for Eddington, which is a joint project with Cambridge University that looks at grey water and rainwater harvesting and recycling. And through the water scarcity group in Cambridge, we're looking at other opportunities for retrofitting those sorts of systems on existing housing stock, as well as putting them into new

builds. We're also having conversations with Anglian Water about doing this on a much longer-term basis. Could their water recycling plants be used to supplement flows? Could that be used as a potential blended source of water in the future? So those conversations are happening.

Q: I'm puzzled that you're abstracting water from rivers which are subject to sewage overflows. Please explain.

A: In the Cambridge region, we don't abstract from rivers. We only abstract from the underground aquifers so that's not a consideration in Cambridge. In the South Staffs water area, we are taking water from the rivers. We have an extensive programme about testing raw water quality. We absolutely understand what is coming into our treatment works and therefore we build our treatment processes around that to make sure we are eliminating not just any chemicals or fertilisers and pesticides, but that we are treating any bacteria or any other nasty things that might be coming into the water. We do that testing all the time. And we identify any trends, anything that might be changing. So, we also know through the River Severn, for example, where we have our largest abstraction, if we see changes in the water quality coming down and if the Environment Agency is aware of something that's happened upstream – a pollution incident, for example – then we have a very close working relationship in the arena, so that we stop abstraction and don't abstract in those kinds of situations. So we monitor it constantly to understand the water quality and make decisions around it.

Affordability

Q: What proportion of your customers currently struggle to pay and how do you see this changing over time given the current cost of living issues and how will the support you offer to the most vulnerable adapt to changing needs?

A: Most of our customers do pay, and they pay us on time, which is great. Currently, around 97% of customers pay on time. This has dipped a little over the past three years but it's an important question and I'm glad somebody's asked it because we're very aware of the impact of the cost-of-living crisis; it's something that we're passionate about and have put at the absolute heart of our plans for the next five years. The first thing we're doing about this is that we are completely aligning to CCW's best practice. They've got several suggested policies and we're proud that we're adopting all of those and we've coined our own term, 'Pay in your own way.' What that means is we are increasing the number of payment methods. For example, QR codes and Apple Pay will become prominent in helping customers pay. We're also going to expand the times when customers can pay. Currently, if you want to ring up and pay, it's between 8 and 5 pm. This is now going to be 24/7 payment lines so customers can pay at a time that suits them.

We're also keen to make sure customers can spread the cost as much as they need to and can be flexible in their payments. So, one of the things we'll be introducing, for example, is an online discreet sliding scale. We know that customers who are in difficult circumstances sometimes can be in this situation for a long time. But sometimes these circumstances can be a one-off and customers may not want to pick the phone up and have a conversation about it. That's completely understandable. So, our online sliding scale will allow customers to discreetly choose the amount that they pay and spread that cost easily. We've talked a lot already about the essential use tariff, which means customers on a mid- to low-income range can have discounts on their water based on how much they use, which hopefully will support a broader range of customers than we currently are supporting. We will also introduce a debt matching scheme, paying a pound for every pound the customer clears if they meet certain criteria. And finally, we're really proud of our community presence and our

community team do a lot of home visits, and we've committed to 11,000 home visits a year, which will cover an umbrella of water efficiency and affordability.

Q: How many customers will move to the new essential water use tariff trial?

A: What we've committed to now is trialling the tariff so we can make sure it works for us and it works with customers. So, across the next financial year we will be trialling it with 1,000 customers. If you're in what we define as a mid-income range and you're using a 100 litres of water a day or less, we will apply a 60% discount to that use, and any water you use above and beyond that will be charged at the normal rate. So, it's initially a trial of 1,000 customers and based on that we will model it and expand it further.

Q: Have you been following the slow-release water butt roll out in the Isle of Wight? We can see that it has benefits in terms of protecting biodiversity and also reducing water use for our customers. Have you been following the rollout, and do you have any plans to imitate it?

A: We are. The primary purpose of putting that in on the Isle of Wight was to reduce flooding, but there are obviously dual benefits to reducing water usage. We have had some conversations with Severn Trent Water and we've started some conversations with Anglian Water to look at whether there are some dual opportunities where we could do a programme together on this. So, where they've got problems with flooding or overflow issues and, where we want to save water if we could combine that we might be able to do twice as much by doing it together. It's fairly early days, but we are watching how it goes.

Q: Do customers have to pay for all the big schemes like Grafham transfer, or can the shareholders do more?

A: We have to accept the sector is privatised – primarily to attract the investment that was needed into the sector, post-privatisation. But we have always been a privately owned business. We've never been in the public domain. Our current shareholders, who bought us in 2015 are UK based shareholders and they've already put a sizeable equity injection into our business, which helps as part of that contribution as well. I appreciate it always feels like customers are paying but to try to keep bills as low as they can, we have had those injections coming from our shareholders.

Reply: What percentage return do shareholders get on their holdings?

A: Around 4%.

Q: Does the CEO's pay reflect the company's performance?

A: It does. So, our executive pay isn't set by anyone on the executive. It's set independently and we are at the lower end of the sector in terms of that that scale. And our bonuses are only paid if we deliver against common performance commitments, deliver for customers, deliver our operational service delivery and increasingly deliver for the environment. That element may not have been as acutely focused in the past, but it's definitely there. It's all judged independently of us. Our performance is assessed and that's reviewed annually of course as well.

Q: It would seem a bit inequitable to charge all of your large investments to the existing customers. We need a long period of charging future customers to make it equitable on the existing customers and new customers going forward.

A: One of the pieces of research we did about customers is around intergenerational fairness and how we spread bills across generations. Customers want us to have a natural bill profile and that's what we've done, if you look at the past and going forward as well. Even in our long-term delivery strategy, we look at the investment we've proposed and how the bills spread, which is in a smooth profile and that fairness aspect is being recognised. But we do have an ageing infrastructure. We have infrastructure that's increasingly being affected by a changing climate. We need to be as resilient as we can for the future. So it's quite a complex piece, but all the research shows that we've got to get the balance right.

Q: Can I pay monthly by direct debit?

A: Yes, you absolutely can. We've recently invested in a new billing system, which went live in February and that absolutely enables customers to do exactly as you've described.

Q: Are you aware of consumer concerns over smart meters, and what are your plans to deal with them?

A: We have a proactive customer communications plan, so we recognise we've got a lot of myth busting to do in this space and we've had that from day one, even before smart meters, just with general metering. People don't realise they're free to install, we're not going to charge them for installing them and they don't take up much room if you have one inside your house. That's part of our proactive plan that we're building, and part of that should be real customer stories. So instead of us just telling you as the water company that this is a good thing, let's use some real case studies.

For example, one of the things we did last year was something we called 'Meter my street' where we metered a street. There were 50 customers on the street and we proactively metered them and we read their meters as they were installed, and then a year later to see how much would they would've saved. The average saving was £88 .When we install meters as part of our universal metering programme, we will give customers a two-year grace period, so they can either switch immediately – which some of them will do because they are making big savings on bills. If customers are a bit nervous, they have got two years to understand the impact of their bill, and to work with us collaboratively to put efficiency measures in place and to have the right conversations about support and how we can offer them different tariffs, for example.

As part of our plan, we are going to create a vulnerability panel where customers with a variety of different extra help needs will be part of that, and really help us and tell us how we should shape our communication to

customers to really bring it to life. So they're the three parts. It's the myth busting, it's the communication to customers and it's that that vulnerability panel.

Q: How are the company expanding the accessibility of their services to customers both day-to-day and for those with additional needs or vulnerabilities?

A: We've got a community team that we're proud of. They've got a hub in Wednesbury and we do have quite a big footfall of customers that attend that hub. But we recognise that not all customers are able to travel to that hub or might be in our Cambridge region, and that's why we're looking to expand our community presence and to do more home visits, because we recognise that customers do appreciate and sometimes need that face-to-face interaction with us.

We're also going to partner with an organization called JAM. Now if you're a partner to them, what that means is if customers ring up to our call centre, or they're speaking to a field engineer, and they say the word 'jam' we will know that that customer needs a bit of extra time. You can use this to communicate with something like dementia, a speech impediment, autism, whatever it may be. We've had a dementia bus at our head office, and we've encouraged all our staff, whether customer facing or not to experience that. So, we've got that real feel for how customers may be feeling and how we can sort of provide that extra support. We're very passionate about being wider than water. As part of our business plan, we'll be partnering with a whole host of companies from energy companies to local organisations and to local charities to say, how can we all work together to bridge the gap and give the customers in our region the support that they need. We do a lot of it now, but we're going to target a whole host of companies. We're building an army of support.

Q: How can the company do more as a good communicator and engage more?

A: We have an extensive engagement programme under way, not just for the price review, but yearly customer engagement, which is significant. We need to think about, are we getting the message across? Are we educating effectively enough? And how do we reach more customers? In the last few months, we've reached 90,000 plus customers just to talk to them about this plan. Getting customers to connect isn't always as easy as it sounds. The numbers on the call today are 50, and it's great to have 50 people on. We were actually promoting this to thousands and thousands and thousands of customers. So, for some people, we may need to accept that they get home, they turn the tap on, they expect it to work, they don't need to have that association with the company. But for other customers, clearly they're more environmentally aware. They're more aware of the affordability area. So we possibly need to reflect on how we can get that message out much more proactively at a time where the sector is a little bit challenged on the whole and we need to work much harder to win the hearts and minds of customers again, for the future.

QUESTIONS END

Additional questions:

Q1: Are you doing anything to encourage the agriculture sector to reduce their water usage, e.g. by not draining their land so quickly - this would also help to avoid flooding, which has been awful where I live lately?

We have a team of catchment advisors who work closely with farmers and landowners in our regions to help advise and offer grants to reduce the runoff of pesticides and fertiliser from fields and farms into the local watercourses in order to improve the water quality and the ecology. Some key examples of the work we've done are:

- Installing better drainage and chemical storage on farmyards to prevent runoff
- Developing "buffer strips" at the edge of fields which help reduce run off and improve biodiversity.
- Crop under-sowing – sowing low crops underneath tall crops like wheat which leave large areas of bare soil, in order to help bind the soil and increase the retention of water in the field and therefore reduce run off.
- Installation of hedges and fences to prevent livestock accessing water courses and causing contamination damaging river banks.

Our scheme has been increasing year on year and we're working with more farmers this year than ever before. We also have several farmers who help us pilot and trial new ideas and options that we can then roll-out to others to deliver additional benefits.

Q2: If you do get to the point of water running out, do you as the water provider, have the power to slow down housing development?

Unfortunately, we are not statutory consultees for development. As the incumbent water company, it's also our statutory duty to plan for all growth identified by local authorities and we have to connect domestic properties. For non-domestic properties, i.e. commercial non-households, we will assess all applications for connection that we receive, and we are able to refuse these if our modelling and analysis shows that we do not have enough water available to supply this or it would put domestic supplies at risk. We are working closely with the Department for Levelling Up, Housing & Communities to ensure we fully understand their future plans and clearly articulate any challenges that brings and the steps needed to resolve them.