



South Staffs Water



Cambridge Water

# Annual performance report 2020/21 – summary

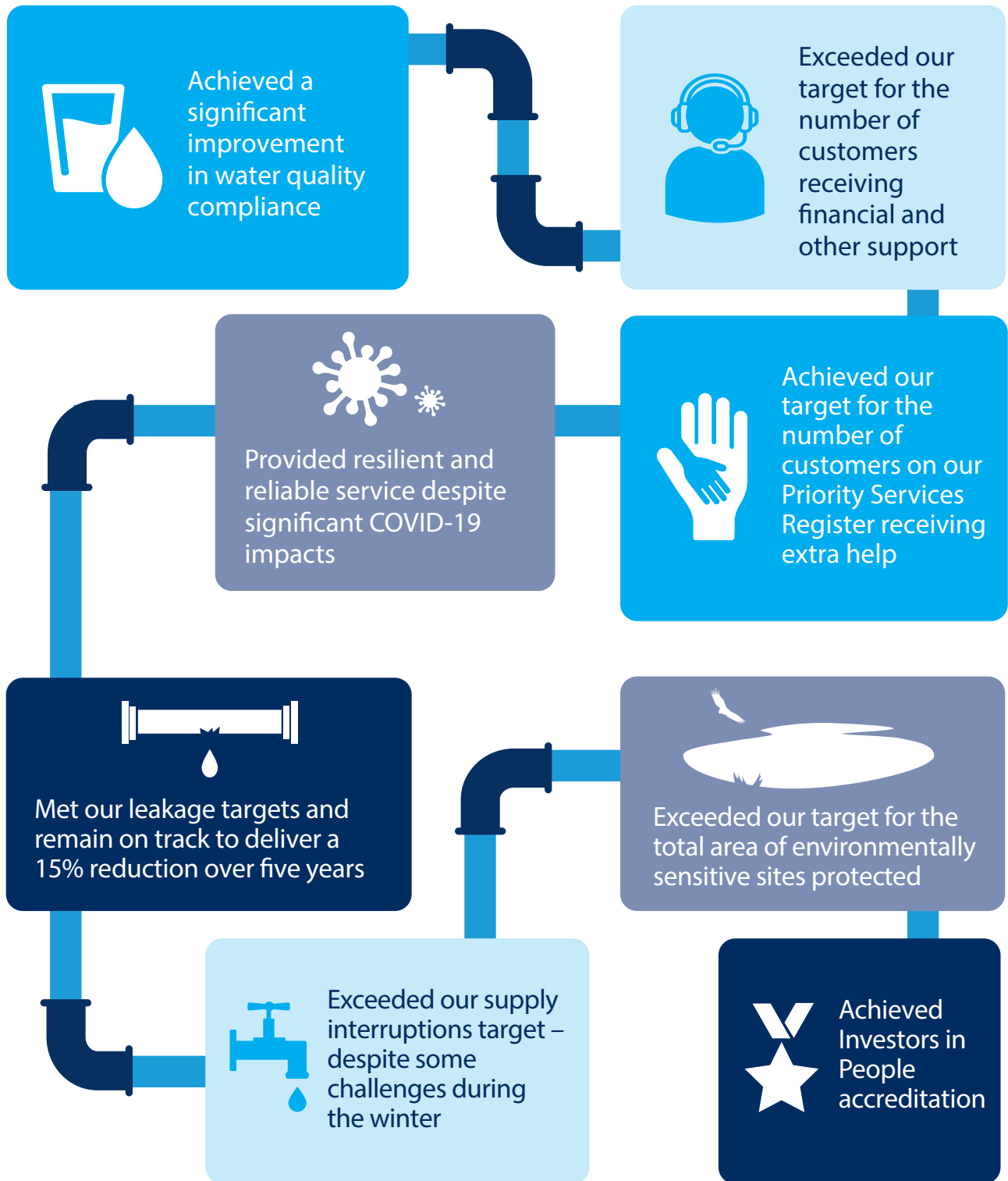


July 2021

# Contents

The year at a glance.....	3
A word from our Chair.....	4
Managing Director's welcome.....	5
A bit about us.....	6
Our vision, purpose and core beliefs.....	8
Delivering the outcomes our customers want.....	9
Our targets for 2020/21.....	10
Delivering for our customers.....	12
Delivering for our communities.....	14
Delivering a reliable service.....	16
Delivering for the environment.....	19
Delivering for our business.....	22
Facts and figures.....	24
Rest assured.....	25
Further information.....	26

# The year at a glance



# A word from our Chair

It's certainly been a strange and challenging year. We've faced the unprecedented impact of the COVID-19 pandemic, with a succession of national lockdowns, and many of our staff having to work from home. We made a deliberate decision not to take advantage of the UK Government's furlough scheme, because of the essential nature of the work our employees do.



And in addition to the direct stress of the pandemic, we also experienced very high levels of consumer demand for water, partly because of the extent of home working, but also because of an exceptionally dry spring. Through it all, our staff responded magnificently. They rose to the challenges we were facing; they continued to deliver the water our customers needed; and despite all the difficulties they ensured that the company was performing effectively and well against all the industry's benchmarks. The Board owes a huge debt of gratitude to everyone in the South Staffs and Cambridge team.

When we agreed our five-year plan through to 2025 with Ofwat, we were deliberately far-reaching in what we sought to achieve. We have a commitment to major capital improvements, especially for our two key plants at Hampton Loade and Seedy Mill. We have ambitious targets to curb leakage, improve performance and secure a better service for our customers. We've begun the five-year period well, despite everything the pandemic has thrown at us. But we do have to make sure we put in a sustained effort to deliver on our plans over the years to come; and this will be the best basis for looking further forward to the following five-year period. We need to start thinking about this now, not in a few years' time.

One of the challenges we all face, in the company, the water sector, and indeed in society as a whole, is the need for better and more sustained environmental stewardship in everything we do. This has to be a principal long-term goal for us, and we've established a special Board Environmental, Social and Governance (ESG) Sub-Committee in order to make sure that these issues are kept very much to the forefront of our thinking. We face a particular challenge in the Cambridge area, where all our water is drawn at the moment from ground sources, and simultaneously there are strong pressures for new development and the increased consumption that comes with it. Making sure we can provide the water our customers require while at the same time not depleting the resources of groundwater in an unsustainable way, and endangering the health of chalk streams in the process, is a major issue for us to face in the coming years.

We also need to think, of course, about the carbon footprint of all of our activities. The water sector has a key target of achieving net zero carbon by 2030, and we will have to work hard to play our part in ensuring the target is reached. I fervently hope that we won't have to live through another year quite like 2020. What it has demonstrated, however, is just how resilient the company and its people are: able to respond to the difficult, the unusual, the seemingly impossible. Able to come through it all, and come through it well. Thank you, to everyone who has made it happen.

Lord Chris Smith

# Managing Director's welcome

Welcome to our annual performance report for 2020/21. I hope you enjoy reading about how we have performed against our regulatory targets.

The past year has been a challenging one – for us, for society and for the economy as a whole. The impact of the COVID-19 pandemic has affected almost every aspect of our daily lives. Throughout the pandemic, we delivered for our customers, our communities and the environment. Our people worked tirelessly to make sure clean water always comes through customers' taps.



Despite the challenges of the pandemic, I've been impressed by how our people have pulled together to ensure we continue to deliver for all our customers. For many colleagues, it's also meant working in a completely different way. I'm proud of the way everyone has embraced new ways of working and engaging with each other. We've learned many lessons over the past year and put initiatives in place to make sure all our people have felt supported. My hope is that we take forward the best of our collective experiences to build a more flexible approach to our working lives, while continuing to deliver the high levels of service our customers rightly expect.

The commitment of our people to always deliver the best for our customers is reflected in our strong performance for the year against a number of key indicators. For example, in 2020 we beat our target for the acceptability of the water we supply to our customers. In addition, we saw excellent performance in relation to supply interruptions – despite some challenging conditions during the winter. We also met our leakage targets for the year across both our South Staffs and Cambridge regions. And we continued to engage with young people – delivering a virtual package of assemblies and activities while restrictions on school visits were in place.

Another area where we performed well is in the level of support we've continued to provide to customers. This includes introducing an Assure COVID-19 tariff for anyone whose livelihoods have been directly impacted by the pandemic. In addition, we made it easier for all our customers to manage their water bills, offering flexible payment plans and a number of ways to pay. And we extended the reach of our Priority Services Register for customers in vulnerable circumstances. We recognise, however, that affordability is likely to continue to be an issue for some customers and will continue to do everything we can to support them.

We also started work to deliver our ambitious investment programme for the five years from 2020 to 2025. This includes our project to upgrade the two largest water treatment works in our South Staffs region – Hampton Loade and Seedy Mill. This is a strategically important programme of work for us, as these works supply clean water to around 60% of customers across the region. And although it falls just outside the reporting year, in May we were delighted that Ofwat and other sector regulators recognised our ambition in the draft decision on our green recovery proposal to install an innovative ceramic membrane filtration system at Hampton Loade. We welcome the part we're playing to aid economic recovery and build back better post-COVID.

But there have been some serious challenges for us during the year, a number of which are directly attributable to the impact of the COVID-19 pandemic. For example, we've seen a large and sustained increase in individual water use across both our South Staffs and Cambridge regions during the year. Much of this has been driven by more people working from home and schools being closed during the three national lockdowns. At several points during the year we broke our own records for the volume of water we put into the supply network. We have a duty to encourage all our customers to use water wisely and are actively looking at strategies to further understand and promote the value of water.

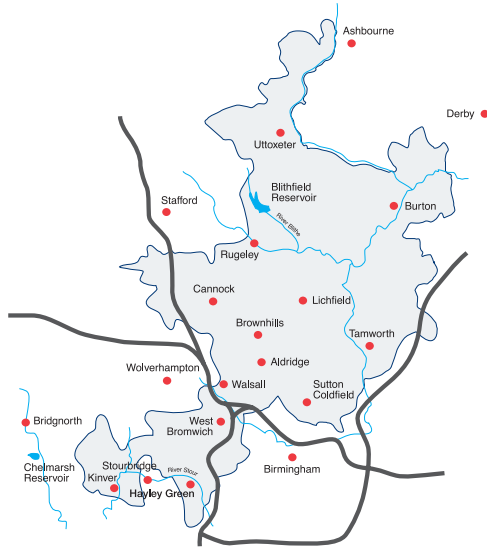
Much of my focus during the year has been on putting in place the people, systems and processes that will stand us in good stead for years to come. As part of this, I've made a number of new executive appointments, putting in place a team that reflects our ambition and direction of travel. Looking ahead, you can expect to see us taking more of a leadership role within the England and Wales water sector – both in terms of how we demonstrate our public value and in the area of environmental stewardship. This means playing our part and working collaboratively with others within and outside the sector to ensure we deliver clean and sustainable water supplies always – for our customers, for our communities and for the environment we all rely on and enjoy.

**Andy Willicott**

# A bit about us

South Staffordshire Water PLC (known as South Staffs Water and Cambridge Water) is part of the South Staffordshire Plc group of companies. We operate across two regions, supplying clean water services to more than 1.7 million people and around 43,000 businesses in Staffordshire, parts of the West Midlands, and in and around Cambridge.

Our South Staffs region extends from Ashbourne in the north to Halesowen in the south, and from Burton-upon-Trent in the east to Kinver in the west. Our Cambridge region stretches from Ramsey in the north to beyond Melbourn in the south, and from Gamlingay in the west to the east of Cambridge city.



South Staffs region



Cambridge region

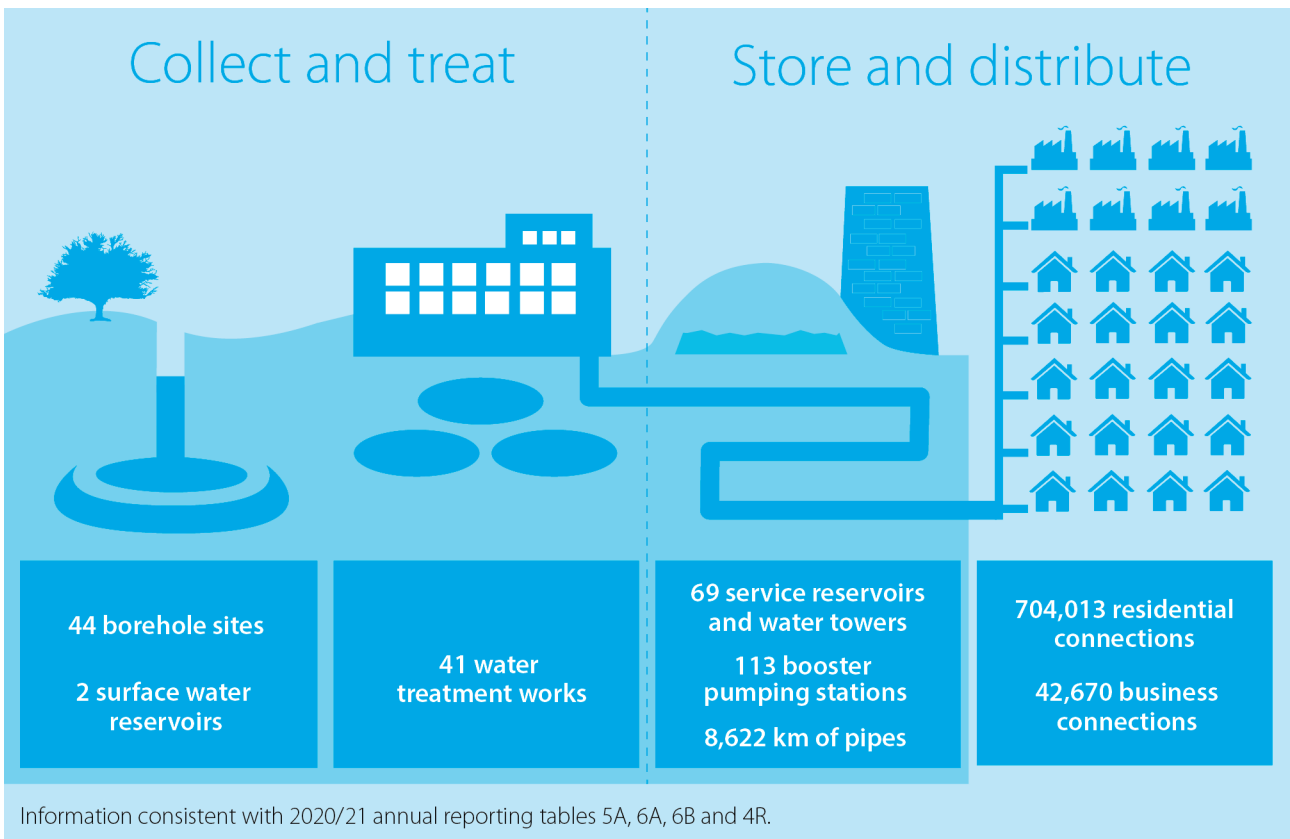
## What we do

We are a water only company and do not provide wastewater services. We bill customers for these services on behalf of Severn Trent Water in our South Staffs region and Anglian Water in our Cambridge region.

We aim to be transparent and honest with our customers in everything we do, from how we spend the money from their bills to the quality and reliability of the water we supply and the impact of our activities on the environment. We provide an essential public service and know that it is vital that customers trust us to do this well. We believe that sharing information on how we have performed against our targets – and other important information about our business – is one way we can build this trust.

The water companies in England and Wales are regulated by Ofwat. Every five years, we submit our plans to Ofwat for financing, investment, service levels and customer priorities for the following five years.

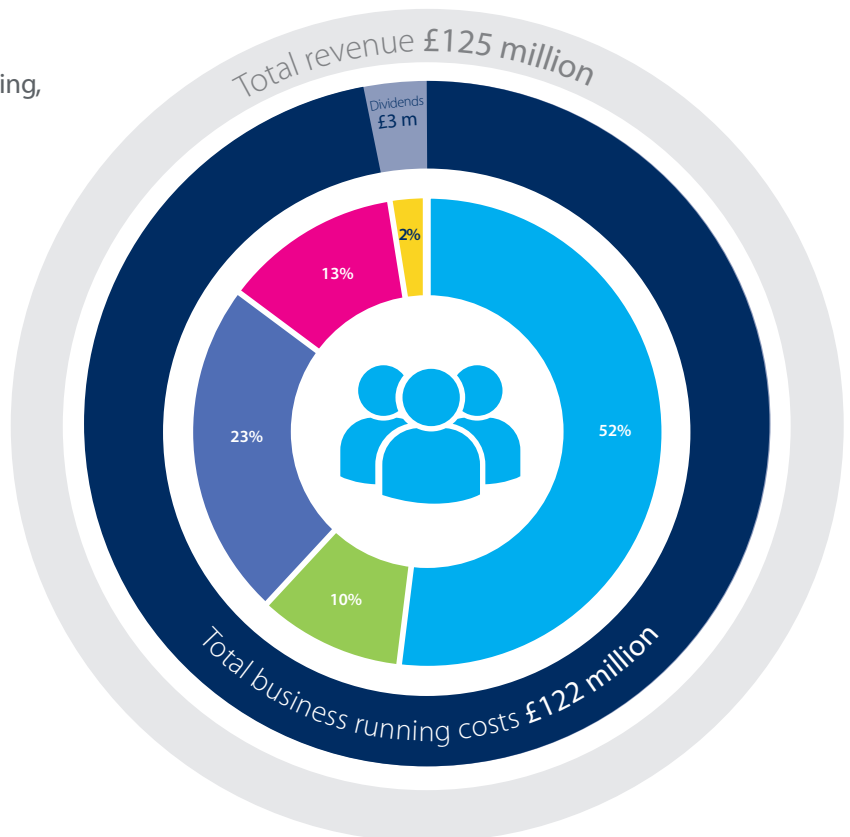
This review covers 2020 to 2021, the first year of the five-year period that ends in 2025. We have five outcomes – these are the promises we have made to our customers on the services we will deliver and the areas where they want to hold us to account. We measure our performance against these outcomes using 30 performance commitments, which our customers have helped to set. Some of these have financial incentives attached to them. We have set challenging performance commitments to make sure we continue to provide high levels of customer service and low bills. In the following sections, we set out how we have performed.



## Financial information

How we use the money we get from customers' bills.

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



# Our vision, purpose and core beliefs



## Our vision

To deliver clean, affordable water every day



## Our mission

To make sure:

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



## Our purpose

For more than 150 years, we have provided an essential public service to customers in our South Staffs and Cambridge regions that enables them to go about their daily lives. So that we can keep delivering the things that matter most to our customers, now and in the future, we:

- actively work in partnership with local communities – playing our part to help them thrive;
- act as the guardians of our assets, while always working hard to protect the local environment;
- put the safety of our customers and our people at the heart of our decision making; and
- run an efficient business, which is in everyone's interests.

This is how we are delivering what matters.



## Our core beliefs

Our mission and purpose are underpinned by our core beliefs, which focus on:

- preparing for the future;
- building resilience in the face of climate change;
- minimising waste in every area of our business operations;
- using water wisely;
- always looking for new ways to do things better and quicker;
- listening to customers;
- local issues; and
- working with partners to create better communities.

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







# Delivering the outcomes our customers want



The focus of our business plan for the five years from 2020 to 2025 is the outcomes we will deliver. These are the promises we have made to our customers on the services they want us to deliver and the areas where they want to hold us to account. Our promises for 2020 to 2025 are as follows.



# Our targets for 2020/21

Outcome	Customer promise	Performance commitment	Unit of measurement	2020/21 target	2020/21 performance	Target met
<b>Core outcomes</b> 	We promise to provide value for money	Delivering services that are value for money	% of satisfied customers	78	74	✗
	We promise to maintain our customers' trust in us	Making sure customers have a high level of trust in us	Score out of 10	8.10	8.16	✓
<b>Our customers</b> 	We promise to offer a great customer experience and get feedback to help us keep improving	Great customer service to our household customers	C-MeX score	10th out of 17 companies		
		Great customer service to our business market suppliers (retailers)	R-MeX score	Not achieved, based on one survey in the 12-month period		
		Great service to developers	D-MeX score	11th out of 17 companies		
<b>Our community</b> 	We promise to offer customers the right level of support to suit their individual needs and help everyone learn how to use water wisely	Financial support for household customers struggling to pay their bills	No. of customers helped	32,000	49,279	✓
		Extra Care support for customers who need assistance	% on PSR receiving extra care support	5	5	✓
		Education programme, working with schools about the need to use water wisely	No. of pupils engaged	6,000	9,648	✓
		Ensuring customers who need assistance are registered with us	% registered on Priority Services Register	6.1	5.8	✗
<b>Our service</b> 	We promise to provide clean, high-quality and reliable water supplies now and in the future	Delivering upgraded water treatment works	% completion	0	8	✓
		Always meeting water quality standards – drinking water quality	Compliance Risk Index (CRI) score (water quality measure)'	0	1.09	✗
		Always meeting water quality standards – taste, smell and colour	Contacts per 1,000 population	1.14	0.98	✓
		Maintaining a reliable supply – supply interruptions	Average interruptions in minutes and seconds	06:30	04:33	✓
		Maintaining a reliable supply – severe supply restrictions	% of customers at risk	0	0	✓
		Reducing the number of water production failures	Unplanned outage as a % of total production capacity	2.34	0.57	✓
		Finding and fixing visible leaks more quickly	% of visible leaks repaired within set no. of days	90% within six days	90% within six days	✓
		Reducing the number of burst mains	No. of bursts per 1,000 km of mains	129.6	130.0	✗

# Our targets for 2020/21

Outcome	Customer promise	Performance commitment	Unit of measurement	2020/21 target	2020/21 performance	Target met
<b>Our environment</b> 	We promise to protect the natural environment, reduce leakage and support the building of water efficient homes	Reducing leakage levels – South Staffs region	% reduction from baseline	1.8	3.3	✓
		Reducing leakage levels – Cambridge region	% reduction from baseline	2.9	4.1	✓
		Reducing how much water each person uses (per capita consumption) – South Staffs region	% reduction from baseline	0.4	-5.8	✗
		Reducing how much water each person uses (per capita consumption) – Cambridge region	% reduction from baseline	1.2	-3.0	✗
		Not taking too much water from environmentally sensitive sites	Abstraction Incentive Mechanism (AIM) score	0	-0.07	✓
		Protecting wildlife, plants, habitats and catchments	Hectares of land managed	194	245.8	✓
		Supporting water-efficient house building	Volume of water saved (megalitres)	1.9	2.2	✓
		Reducing our carbon emissions	Kilograms per connected property	68	26.4	✓
		Delivering Water Industry National Environment Programme requirements	Milestones	Met	Not met	✗
<b>Our business</b> 	We promise to run an efficient business, with happy employees, where our suppliers are treated fairly	Making sure all our people love their jobs	Net Promoter Score/ Achieving Investors in People (IIP)	IIP accreditation achieved at Standard level		
		Treating all our suppliers fairly and paying small businesses quickly	% of small businesses paid within 30 days	100	29	✗
		Reducing our bad debt so customers do not pay more than they need to	Bad debt as a % of revenue	3.01	3.23	✗
		Making sure our property records are up to date	% validated	100	100	✓

# Delivering for our customers



## How we performed during 2020/21

# 10th

in the sector for  
customer service  
and experience

# 11th

in the sector for  
developer service and  
experience

# 76

the percentage of  
retailers satisfied that  
we provide great  
customer service

Performance commitment	What we are measuring	Achieved 2020/21 targets
Great customer service to our household customers	The level of satisfaction among our customers as measured by Ofwat's C-MeX metric (which measures customer experience and customer service)	<b>10th</b> out of 17 companies
Great customer service to our business market suppliers (retailers)	Our performance as a supplier of wholesale water services operating in the business (non-household) market	Not achieved, based on one survey in the 12-month period*
Great customer service to developers	The level of satisfaction among developers as measured by Ofwat's D-MeX metric (which measures the experience and service developers receive from us)	<b>11th</b> out of 17 companies

\* A more comprehensive survey programme is planned for 2021/22.

Our customers' views of the service we deliver are extremely important to us. So we continually engage with them using a range of tools, including focus groups, polls and surveys. We also measure their views on both the trust they have in us and the value for money of the services we provide. We are pleased to report that we beat our target levels for customers' trust in 2020/21, achieving a score of 8.16 out of 10. However, we ended the year a little bit behind where we wanted to be in terms of our value for money target. We think this is due in part to the impact the COVID-19 pandemic has had on household finances during the year. We will be looking to improve our performance in this area in the year ahead.

Our main regulatory customer service target is the customer measure of experience (C-MeX). This is designed to ensure we provide all our household customers with excellent levels of service. C-MeX measures direct customer feedback. It is made up of two surveys. In both cases, customers are asked how satisfied they are with the service we provide and how likely they would be to recommend us to their friends or families. At the end of the reporting year and following strong performance since December we had a C-MeX score of 81.89, which placed us 10th among other water companies in England and Wales. We have put a strategy in place to help us improve on this in the year ahead.

There is also a regulatory measure of customer experience known as D-MeX for our developer services customers. This includes large and small property developers, self-lay providers and water companies with new appointments and variations. D-MeX comprises a survey of developer services customers that have recently completed a transaction with us and a measure of our performance against a set of level of service metrics developed by Water UK, the body that represents water companies.

We have continued to engage with our customers in the housebuilding sector to ensure they receive excellent service from us for the water mains and service connections they need to enable us to supply new homes. We did not quite meet our target for 2020/21, but we are continuing to work with developers on the areas where we need to improve to ensure they receive excellent service in the future. We have also continued to offer incentives for developers to increase water efficiency in new homes. We saw more take up of this during the year and are pleased to report we performed better than our target in this area.

We also have a third performance commitment in relation to customer service. We call this R-MeX and it measures business retailers' satisfaction in us as a wholesaler operating in a retail market. We use operating performance and market performance standards as the basis of R-MeX, combining them with our own retailer satisfaction survey. We are disappointed that we did not meet our target in this area and will look to drive improvements in our performance in the coming year.

"In what has been a very challenging year, I'm really proud of the work we've done to communicate with and support our customers" – **Rachael Merrell, Customer Delivery Director**



## Making it easy for our customers to find information quickly

Throughout 2020/21 we made a number of improvements to our website. This was to make it easier for our customers to find the information they are looking for quickly by improving functionality and the user journey. Over the year, we updated the content in a number of key areas including the Priority Services Register pages, the education pages, and the news and publications sections. We also updated our Developer Services pages, making them much easier to navigate. And we made it easier for customers to report a problem and relaunched the 'help and advice' section.

This work demonstrates our commitment to developing our digital platforms, which have seen us introduce a number of self-serve elements for those customers who value engaging with us in this way. The work we carried out during the year forms part of a larger project to overhaul and modernise our website. In the year ahead, we plan to make more use of mobile-optimised techniques to enable different web pages to be viewed on a range of devices and web browsers. We will also ensure that customers who wish to contact us using traditional means can continue to do so.



# Delivering for our communities



## How we performed during 2020/21

**5**

The percentage of customers on our Priority Services Register helped with our 'Extra Care' support options

**49,279**

The number of household customers receiving help with their water bills

**5.8**

The percentage of customers on our Priority Services Register

Performance commitment	What we are measuring	Achieved 2020/21 targets
Financial support for household customers struggling to pay their bills	The number of household customers that we help with their water bills, using our financial assistance schemes such as our Assure social tariff, payment plans, Charitable Trust, or other types of help	✓
Extra Care support for customers who need assistance	The proportion of household customers registered on our Priority Services Register that we help with our 'Extra Care' support package	✓
Working with schools about the need to use water wisely	The number of young people who have received education services, such as assemblies, from us	✓
Ensuring customers who need assistance are registered with us	The number of people on our Priority Services Register and the proportion of this number that are validated every two years	✗

As the provider of an essential public service we understand how important it is to make sure extra help and support is available to those customers and communities that need it most. This has been especially true during 2020/21 as a result of the COVID-19 pandemic. When the UK Government announced the first national lockdown in March 2020 we moved very quickly, adopting different ways of working and proactively putting in place a range of support measures to help customers whose lives had been directly impacted by the pandemic.

This included introducing a new Assure COVID-19 tariff, offering a 12-week discount for any customer facing financial hardship as a direct result of the pandemic. At the same time, we continued to offer our Assure tariff for customers on low incomes, along with a range of flexible payment options, payment plans and payment breaks for those experiencing temporary financial difficulty. In addition, we shared regular updates with more than 400 local community organisations and charities that we work with. And we actively encouraged our customers to contact us so that we could tell them about our support schemes. This included helping those customers who traditionally pay their water bills in banks, post offices or PayPoint locations to switch to safe alternative payment methods.

We also encouraged customers who might be eligible to sign up for our Priority Services Register (PSR). This is a free service for anyone who may need extra help because of their age, or because of medical, learning, physical disabilities or financial difficulties. And we implemented an Extra Care package for customers on the PSR who need additional levels of support, achieving our target of 5% uptake for this service.

Customers on the PSR can get hands-on help in the event of an emergency (for example, if we have to turn off the water supply to deal with a burst main), help with reading or understanding their water bills and access to a password protection scheme. We took steps during the year to extend the reach of the scheme, engaging with local councillors and MPs across our South Staffs and Cambridge regions. And we set up special codes on our PSR to help us actively identify those customers who were shielding.

We are very pleased to report that we hugely increased the number of people who receive our Assure social tariff discounts and other forms of financial support during 2020/21, beating all our targets in this area. At the time of writing 36,927 customers were on our Assure tariff, while another 12,352 benefited from our financial support packages. Also, 23,694 customers signed up for the PSR during the year. Overall, 54% of customers are aware of the support we offer to those who find it difficult to pay their water bills (compared with 41% in 2019/20), while awareness of our social tariff has also increased significantly to 34% (compared with only 20% in 2019/20). We will continue to raise awareness among our customers of the support that we have available to help them.

One area where our activities were seriously affected during 2020/21 was our education outreach work. As we were unable to visit schools because of COVID-19 restrictions, we had to come up with other ways to deliver our exciting education programme to young people across both our regions. This included delivering virtual assemblies, and making a number of worksheets, workbooks and activity packs available online.

“Our focus during the year has been on finding ways to be present in our communities when we couldn’t be there in person – a challenge we’ve adapted to very well” –  
**Rachael Merrell, Customer Delivery Director**



## Making a difference and adding value in our communities

We are committed to being embedded in the communities we serve. And while the COVID-19 pandemic has impacted some of our activities, we have continued to act in the interests of our customers and our communities. For example, before Christmas our people, together with other employees from across the South Staffordshire Plc group, raised almost £3,000 to support local food banks. A contribution from our parent company took the total amount raised to £9,000, which we donated to the Trussell Trust and a number of independent food banks, including Breaking Bread, Chase Lighthouse and Salma Foodbank in our South Staffs region, and Abbey Community Food Hub, Cherry Hinton Food Hub and Queen Edith’s Food Hub in our Cambridge region.

Also, following the success of our ‘dress to impress’ campaign in September where we asked for donations of smart clothes and work wear for people attending job interviews, we continued with our free clothes initiative. In November we asked for donations of men’s, women’s and children’s winter coats and distributed them to people in our communities who were in the most need. In March we followed this by asking for donations of baby clothes, again to help families in need and those whose lives had been seriously impacted by the pandemic.



# Delivering a reliable service



## How we performed during 2020/21

**1.09**

Compliance Risk Index (CRI) score for drinking water quality\*

**4:33**

The average supply interruptions (in minutes and seconds) per connected property

**0**

The percentage of customers at risk of severe supply restrictions in a drought

On track with our plans for the upgrade of Hampton Loade and Seedy Mill water treatment works

**0.98**

The number of customers (per 1,000 population) contacting us about the look, taste and smell of their water

**0.57**

The percentage of water production capacity unavailable

**130**

Bursts per 1,000km of water mains

90% of visible leaks repaired **within 6 days**

\* This score is based on technical calculations set for all water companies by the regulators. We explain what it means in the following section.



Performance commitment	What we are measuring	Achieved 2020/21 targets
Delivering upgraded water treatment works	This measure protects customers in the event that our programme to upgrade our Hampton Loade and Seedy Mill water treatment works is delivered late or not at all, and the expenditure associated with this	✓
Always meeting water quality standards	Compliance with drinking water quality regulations, as measured using the Drinking Water Inspectorate's Compliance Risk Index (CRI) metric	✗
	The number of contacts we get from our customers each year about the appearance, taste and smell of their water	✓
Making sure water always comes through customers' taps	The average minutes of interruption each connected property experiences for interruptions of three hours or more	✓
	The percentage of customers at risk of severe supply restrictions in a 1 in 200-year drought scenario	✓
Reducing the number of water production failures	The water production capacity lost through unplanned outage – that is, an unforeseen or unavoidable event that can affect part or all of one of our water sources	✓
Finding and fixing visible leaks more quickly	The number of days we take to repair 90% of visible leaks on our network, measured from the time the leak is found or reported	✓
Reducing the number of burst mains	The number of bursts per 1,000km of mains	✗

Our customers always expect to receive water of the highest quality from us. We have a rolling programme of investment and maintenance that we carry out to ensure the long-term health of our pipes, pumping stations and treatment works. The 2020/21 reporting year marks the first year of an ambitious programme, which will see us invest around £600 million in our assets and services over the five years to 2025. This is our largest-ever investment programme.

One area where we have continued to invest is in the quality of the water we supply to our customers – this is the most important priority for them. This investment is paying off – in 2020 we saw a significant improvement in our Compliance Risk Index (CRI) score compared with previous years. CRI is the key regulatory measure of compliance with stringent water quality requirements. In addition, we beat our target for the number of contacts from customers about the taste, smell and colour of their water. The work we are carrying out to upgrade the Hampton Loade and Seedy Mill water treatment works in our South Staffs region will help ensure the quality and reliability of our supplies now and in the future. We are currently on target to deliver the upgrades to our treatment works in line with our performance commitment.

We also saw excellent performance on planned and unplanned interruptions to supply for most of the year. However, we experienced some problems during the winter and worked quickly to restore supplies to customers – often in difficult circumstances. Despite the challenges posed by these supply interruptions, on the whole we exceeded our target for the year. We also continued to see excellent performance for most of the year in the area of mains repairs. Again, the lengthy periods of very cold weather we experienced in January resulted in our highest level of bursts for ten years, which reflected a nationwide pattern. As a result, we failed this target.

Consistent with previous years, asset health and reliability is another area where we performed well during the year. Our investment programme is continuing to deliver asset replacements that meet all the required standards and reliability expectations. During the year, for example, we delivered nearly 76 kilometres of new and renewed water mains across our South Staffs and Cambridge regions. Our levels of unplanned outage for the year were low and we performed better than our target.

We introduced a new target for visible leak repair time in 2020/21 as this is another key priority for our customers. We put in place new systems and processes to be able to track these types of leaks and increased our focus on fixing them quickly when they are identified. We are pleased to report that we achieved our target of 90% of visible leaks being repaired within six days. This is an excellent achievement, given how difficult it can be to fix leaks on public highways.

“We’re pleased with our performance over the year – it’s testament to our people and supply chain that we were able to deliver such excellent service to our customers in the face of the challenges presented by the COVID-19 pandemic” – **Andrew Lobley, Operations Director**



## Future proofing our assets

One of the key themes of our ambitious investment programme is around building reliability for the future in the face of a growing population and a changing climate. For example, during 2020/21 we started work on the construction of a new eight million litre storage reservoir at Bourn in our Cambridge region. This site comprises three storage reservoirs – only one of which is currently in service – providing clean water to around 14,000 properties. The new reservoir will improve operational reliability and support future population growth in the area.

In August and September we worked in partnership with our contractors to demolish one of the decommissioned storage reservoirs, making way for the new one. Our contractors removed 40 tonnes of steel from the site, which was sent to a recycling plant; 860 tonnes of concrete was also taken away to be crushed and re-sold. At the time of writing we were waiting for the appropriate planning consents to enable the construction work on the new storage reservoir to start.



# Delivering for the environment



## How we performed during 2020/21

**5.8**

The percentage increase in household water use (per capita consumption) in the South Staffs region\*

**3**

The percentage reduction in leakage in the South Staffs region\*

**2.2**

The volume of water (in millions of litres) saved through the building of water efficient homes

**4.1**

The percentage reduction in leakage in the Cambridge region\*

**3**

The percentage increase in household water use (per capita consumption) in the Cambridge region\*

**-0.07**

Abstraction Incentive Mechanism (AIM) score\*\*

**245.8**

Area of land (in hectares) protected for natural habitats, plants and wildlife

**26.4**

Amount of operational carbon emission from our operations (in kilograms), per connected property

\* Three-year rolling average.

\*\* This score is based on technical calculations set for all water companies by the regulators. We explain what it means in the following section.

Performance commitment	What we are measuring	Achieved 2020/21 targets
Reducing leakage levels	The level of leakage in our South Staffs supply region	✓
	The level of leakage in our Cambridge supply region	✓
Reducing how much water each person uses	The average volume of water each household customer in our South Staffs region uses	✗
	The average volume of water each household customer in our Cambridge region uses	✗
Not taking too much water from environmentally sensitive sites	Compliance with pre-defined water abstraction thresholds for our most environmentally sensitive sites as designated by Ofwat's Abstraction Incentive Mechanism (AIM)	✓
Protecting wildlife, trees, plants and water sources	The area of land that we actively manage to protect wildlife and natural habitats	✓
Supporting water-efficient house building	The volume of water saved from new residential properties being built to recognised building quality standards (HQM or BREEAM), and which meet a water efficiency level of 100 litres per person per day (l/p/d)	✓
Reducing our carbon emissions	The amount of operational carbon emissions from our operations, per connected property	✓
Delivering our WINEP obligations	Meeting our obligations under the Water Industry Natural Environment Programmes to deliver environmental improvements	✗

We take our role as custodians of the environment seriously and recognise the need to ensure water is available now and in the future. One of the ways we do this is by minimising the volume of water that leaks from our network of pipes. This is another priority for our customers. The 2020/21 reporting year saw a big step up in our leakage detection across our geographically diverse regions. We are pleased to report that we performed better than our target for the year in our South Staffs region and met our target in our Cambridge region. This performance sets us up well for continued reductions in future years.

We saw a significant shift in household and non-household water consumption during the year because of the unprecedented impact of the COVID-19 pandemic on everyone's daily lives. This led to a big increase in household water use, on which our water efficiency targets are based. We continued to promote our water saving activity and ran numerous campaigns during the sustained periods of hot weather. But this could not offset the large step change in household water use patterns. This meant we failed our targets for household water use in both our South Staffs and Cambridge regions. Because of the significant impact on water use as a result of the pandemic, our regulator Ofwat has agreed to look again at water use targets at its next review of price controls in 2024. This is to allow more time for the impacts of COVID-19 on water efficiency to be fully understood.

The UK water sector has an ambitious target to achieve net zero carbon emissions by 2030 – we are playing our part to deliver this commitment. This includes taking steps to reduce our own carbon footprint, which mainly comes from the electricity we use to pump water through our network of pipes to our customers' homes and businesses. For the 2020/21 financial year we acted to source all of our grid electricity from zero carbon sources. This action has significant benefits for progress towards our carbon emissions target.

"During the year, we've become even more aware of the need to enhance and maintain our local environment – not just for the benefits it delivers for our communities, but also for our mental wellbeing" – **Caroline Cooper, Strategy and Regulation**



We are conscious of the impact our activities have on the environment and do everything we can to minimise that impact. During 2020/21 we continued to manage the volume of water we take from the environment, despite the challenges we faced with sustained higher water demand throughout the year. We are pleased that we performed better than our Abstraction Incentive Mechanism (AIM) target. This is the means by which we can reduce the volume of water we take from environmentally sensitive sites when river flows are low. In addition, we continued to carry out a number of environmental initiatives and exceeded our targets for the year for the total area of land managed. And we made good progress during the year with our national environment programme commitments, meeting all but one of our agreed deadlines.

## Using satellite technology to help detect leaks

Over the five years from 2020 to 2025 we have set ourselves an ambitious target to reduce leakage across our South Staffs and Cambridge regions by at least 15%. We know from our engagement that this is a really important issue for our customers.

In March we announced that, following extensive trials, we would be using an innovative satellite technology developed by Utilis to help us detect leaks. The system uses radar sensors to penetrate the first few metres of earth and look for the unique signature of underground drinking water to show where there might be a leak. The sensors can detect water under natural and man-made surfaces such as tarmac, brick and concrete. It produces satellite images that can then be shared with our field-based people who can then investigate the area to pinpoint the leak. We believe using this technology will save around two million litres of water a day from being lost through leaking pipes.



Photograph courtesy of JAXA (Japanese Space Agency)

## Growing our communities with PEBBLE

In December we announced the successful recipients of grants from our PEBBLE biodiversity fund. First launched in 2016, our PEBBLE (Projects that Explore Biodiversity Benefits in the Local Environment) fund makes grants of up to £10,000 available for community projects that look to improve, create or restore habitats within our South Staffs and Cambridge regions. To date, more than 100 hectares of land across both regions – the equivalent of around 100 rugby pitches – has been improved thanks to PEBBLE awards.

In our South Staffs region we awarded more than £22,000 for a number of community allotment and gardening related activities, including:

- projects in Walsall and Burton-on-Trent to engage and train existing and potential bee keepers, and to provide habitats for bees;
- a community gardening project in Uttoxeter and a community allotment in Smethwick; and
- a project to create and restore hedging along the Lichfield and Hatherton Canals to provide new habitats for wildlife and enhance the area for local communities.

In our Cambridge region we awarded almost £21,000 to eight projects that focus on restoring chalk streams and protecting rare species of birds and other wildlife, including:

- improving a section of Vicar's Brook and the Mel River in the Greater Cambridge area, and carrying out conservation management and invasive species control at Cherry Hinton chalk pits;
- replacing six barn owl boxes across a 160 hectare site; and
- creating a wildflower meadow and orchard at a community farm in the centre of Cambridge.

Applications for the latest round of PEBBLE funding opened in April 2021.



Pictured is the Mill River Reserve in our Cambridge region, which received funding in 2018/19 for a river restoration project on the Mill River, a chalk stream and tributary of the River Cam.

# Delivering for our business



## How we performed during 2020/21

# 29

The percentage of small businesses paid within 30 days

# 100

The percentage of voids and gaps sites verified

# 3.23

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

**Investors In People accreditation achieved in 2020/21**

Performance commitment	What we are measuring	Achieved 2020/21 targets
Making sure all our people love their jobs	Achievement of Investors in People accreditation and employee satisfaction as reported in an annual employee survey	IIP accreditation achieved at Standard level
Treating all our suppliers fairly and paying small businesses quickly	Making sure we pay small businesses within 30 days and signing the Department for Business, Energy and Industrial Strategy's Prompt Payment Code	✗
Reducing our bad debt so customers do not pay more than they need to	The level of bad debt charge that we incur each year, expressed as a percentage of our total revenue	✗
Making sure our property records are up to date	The proportion of residential void properties we have validated and the completion of our activity to verify gap sites	✓

In our business plan for 2020 to 2025 we committed to run an efficient business with people who are happy in their jobs, where our customers pay their fair share and where we treat our suppliers fairly and in line with the Prompt Payment Code. As part of this, we set ourselves a target to achieve Investors in People (IIP) accreditation during 2020/21. IIP is an internationally-recognised scheme that aims to support businesses in getting the best out of their people. It looks at how the business leads, supports and improve its people, and any steps it could take to do this better. IIP offers accreditation at three different levels – Standard, Silver and Gold.

We achieved accreditation at the Standard level in December. This is the first step in our IIP journey, demonstrating that we have in place principles and practices around supporting people and that everyone understands how to use them to make work better. The final report highlighted the areas where we are performing well, including:

- the commitment of our people to delivering excellent service;
- having an inspirational leadership that instils trust and empowerment;
- keeping our people informed; and
- supporting our people's wellbeing during the COVID-19 pandemic.

We also received an action plan on areas where we need to improve, including in the areas of reward and recognition and encouraging greater collaboration between teams and departments. We will continue to report on our IIP journey in our annual performance report each year.

We know how important it is for our customers, suppliers and other stakeholders to trust us. Without this trust our legitimacy as the provider of an essential public service is broken. One of the ways we are building this trust is by making sure that everyone who should be paying a bill is doing so. During 2020/21 we continued with our void property checks to ensure fairness across our charges. There was an increase in bad debt during the year, which was because of a higher level of missed payments that stemmed from the financial impact of the COVID-19 pandemic. Because we were acutely aware of these financial impacts, we partially suspended our normal debt collection activity.

Another way of engendering trust is by treating our suppliers fairly and paying them in a timely manner. This is particularly important for small businesses and for those that are critical to our day-to-day operations. In our business plan we committed to paying companies with turnover less than £6.5 million within 30 days of receiving their invoice. Unfortunately we missed our target in this area; we will look to see what we need to do to improve our performance in the coming year.

“We’re really proud to have achieved Investors in People accreditation this year. It’s a big step in recognising our business as a really great place to work” – **Marcella Nash, Director of Human Resources**



## Enhancing our ways of working

In March we delivered another of our business plan commitments with the launch across both our South Staffs and Cambridge regions of our new Maximo works management system. This was one of the key outcomes of our Enhancing our Ways of Working (EWOW) programme, which we launched in 2019. Our EWOW programme aims to transform our business processes, making us more efficient and able to respond quickly and flexibly to changing circumstances.

We worked in partnership with BPD Zenith to develop and implement our new Maximo system. As part of this, we identified 15 inter-related processes covering things like the operation and maintenance of production assets, work planning and scheduling, and the services provided to developers. In addition, we identified a number of subject matter experts from across the business, whose role was to help design the new system so that it was truly responsive to our needs. We also produced a number of video guides to help our people navigate their way round the new system. And to facilitate the smooth roll out of the new system we distributed nearly 200 iPads to our field-based teams.

We believe that Maximo will deliver a number of benefits for the business, including:

- aligning metering processes to improve the customer journey;
- improving our work planning, scheduling and delivery processes;
- enabling mobile working through Maximo Anywhere;
- creating a consistent and easy to maintain production assets register; and
- improving the governance and efficiency of our supply chain processes.



# Facts and figures

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

## Our people



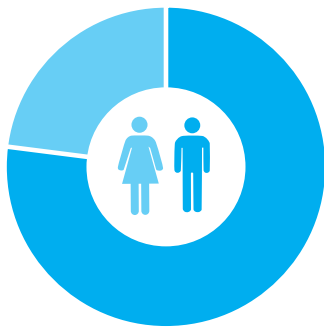
**439** employed across both our South Staffs and Cambridge regions



**72%** work in water production and field operations

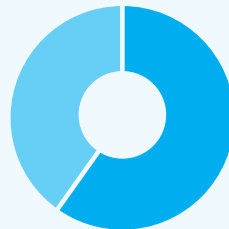
## Gender

### Whole workforce



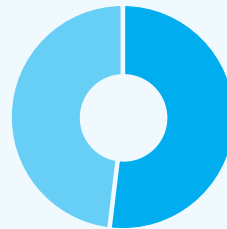
**23% female 77% male**

### Directors and Exec team



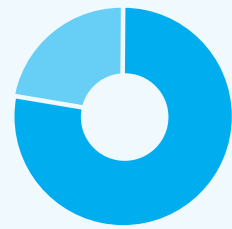
**40% female  
60% male**

### Senior managers



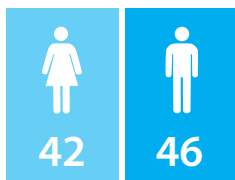
**52% female  
48% male**

### Other employees



**22% female  
78% male**

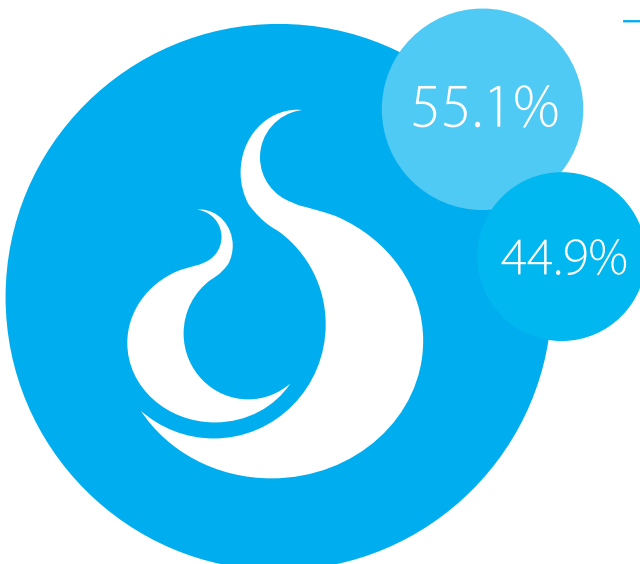
Average age



Average length of service



## Who are our investors?



Long-term pension scheme and institutional investors, advised by Arjun Infrastructure Partners, which acquired a majority controlling interest in the Group from KKR in July 2018

Mitsubishi Corporation, a global integrated trading business, which acquired a 25% equity interest in the Group in March 2016 and now manages a 44.9% stake in the Group following a further 19.9% investment by Mitsubishi UFJ Lease & Finance Company in July 2018



# Rest assured

We want to make sure what we do is transparent. So we have measures in place to ensure customers can have confidence in our data. We publish an assurance plan on our website at the start of each financial year. This sets out how we assure all our data and information. We use a number of third party and independent organisations to provide assurance on our data.

## Deloitte.

Deloitte provides independent third party assurance on our statutory financial statements and regulatory accounts.

## JACOBS®

Jacobs provides independent third party assurance on most of our performance commitments and a range of annual reporting data.



## South Staffordshire Plc

The internal audit function of our parent company, South Staffordshire plc, provides independent assurance on a small number of performance commitments and annual reporting data.

## Customer Panel

The Independent Customer Panel is an impartial board of customers, stakeholders and experts. It acts on behalf of customers to check on and challenge our performance and to make sure that we listen and respond to our customers.

# Further information

South Staffs Water: [www.south-staffs-water.co.uk](http://www.south-staffs-water.co.uk)

Cambridge Water: [www.cambridge-water.co.uk](http://www.cambridge-water.co.uk)

## Ofwat

Ofwat is the economic regulator of the water companies in England and Wales. Its role is to protect the interests of consumers, promote value for money and safeguard future water and wastewater services. One of the ways it does this is by enabling efficient companies to finance their functions.

[www.ofwat.gov.uk](http://www.ofwat.gov.uk)

## The Drinking Water Inspectorate

The Drinking Water Inspectorate regulates drinking water quality in England and Wales. Its main job is to check that water companies supply water that is safe to drink and meets the standards set out in the Water Quality Regulations.

[www.dwi.gov.uk](http://www.dwi.gov.uk)

## Environment Agency

The Environment Agency's role is to look after the environment and make it a better place. It is concerned with the quality of fresh surface and underground, marine and estuary waters. In particular, it is responsible for maintaining and improving the quality of 'raw' water in England and Wales. It also issues licences to water companies allowing them to take water from the environment to supply to customers.

[www.gov.uk/government/organisations/environment-agency](http://www.gov.uk/government/organisations/environment-agency)

## CCW

CCW is the independent voice for water consumers in England and Wales. Since 2005 it has helped thousands of consumers resolve complaints against their water company, while providing free advice and support. All of CCW's work is informed by extensive research, which it uses to champion the interests of consumers and influence water companies, governments and regulators.

[www.ccwater.org.uk](http://www.ccwater.org.uk)

## The Department for Environment, Food and Rural Affairs (Defra)

Defra works for the essentials of life – food, air, land, water, people, animals and plants. It pursues sustainable development – weaving together economic, social and environmental concerns.

[www.gov.uk/government/organisations/department-for-environment-food-rural-affairs](http://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs)

## Natural England

Natural England advises the UK Government on issues concerning the natural environment. It provides practical scientific advice on how to look after England's landscapes and wildlife.

[www.gov.uk/government/organisations/natural-england](http://www.gov.uk/government/organisations/natural-england)

## Public Health England

Public Health England works to protect and improve the nation's health and wellbeing, and reduce health inequalities. Its role is to safeguard public health; it works closely with other organisations when an incident is reported to protect and inform the public, especially vulnerable groups.

## A big thank you

We would like to say a big 'thank you' to members of our H2Online customer community, who made suggestions to help us improve the information in this performance report. We would also like to thank members of the Independent Customer Panel, who reviewed the report before it was published.

