

**Wessex Water
Sustainability
vision 2016**



www.wessexwater.co.uk



Introduction

Wessex Water aims to be a truly sustainable water company. Having committed to this in 1996, our first sustainability vision was produced in 2003-4. It sets out exactly what sustainability means to us and what we need to do to move in the right direction.

Developed in partnership with Forum for the Future, the vision built on discussions involving our managers and external specialists from government, regulators, non-governmental organisations, consultancies, business and academia.

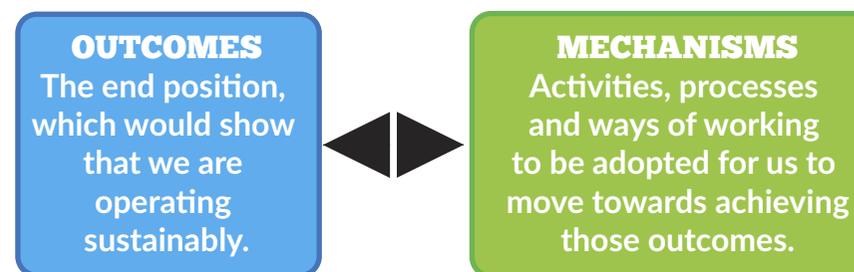
The sustainability vision is based on the 'capitals' model of sustainable development which describes the resources used by society and the value those resources provide. In particular, the vision is based on four such capital types:

- customers and society (social capital)
- environment (natural capital)
- employees (human capital)
- finances (financial capital).

These in turn reflect our company aims:

- to provide customers with excellent affordable services and contribute to wider society
- to protect and improve the environment
- to be a great place to work in which all employees can work safely and reach their full potential
- to deliver the best possible returns to investors.

To help achieve these aims, each of the four themes of the vision is split into a number of outcomes and supporting mechanisms.



For each mechanism we have commitments for the year 2020 to help us track our position and progress.

The following pages provide a summary of the outcomes, each mechanism and accompanying commitments.

Outcomes - overview



Affordable bills

Excellent service for customers

Highest quality drinking water

Reduced leakage

Improved bathing water

Resilient services

Sewage flooding minimised

Asset management - social aspects

Stakeholder engagement

Sustainable regulation

Global society

Customers and society



Rivers, lakes & estuaries protected

Positive impacts on land

Biodiversity protected & enhanced

Reduced carbon footprint

Asset management - environmental aspects

Environment

Resource efficiency



Safety & well-being

Fairness, integration & diversity

Skills & knowledge

Rewards & incentives

Values & culture

Internal dialogue

Employees

Finances

Stable finances & risk management

Investor relations

Accountability

Governance

Adding value



Customers and society – to provide customers with excellent affordable services and contribute to wider society

OUTCOMES	MECHANISMS	2020 COMMITMENT
Affordable bills Customers who are able to afford water and sewerage services and effectively manage their water use	Fair, proportionate and affordable bills	<ul style="list-style-type: none"> • Bill as a proportion of disposable income – reducing trend
	Customer control of bills and water use	<ul style="list-style-type: none"> • 3.26 litres/person/day of water saved by water efficiency promotion • 131 litres/person/day of water used • Meter properties on change of occupier
	Assistance for customers struggling to pay	<ul style="list-style-type: none"> • Extend Tap – our affordability programme – by an additional 10,000 households so it continues to be the industry's leading affordability package
	Pursuing able non-paying customers	<ul style="list-style-type: none"> • Use information on each customer to tailor and segment debt recovery activity, supported by appropriate systems
Excellent service for customers High levels of satisfaction by consistently meeting or exceeding expectations; being viewed as a trusted, reliable and preferred service provider	Excellent customer service standards	<ul style="list-style-type: none"> • Service Incentive Mechanism score (SIM) >86, Ofwat's overall satisfaction measure • >95% customer service rating good or very good • Meet best practice for accessible communications – achieve the British Standard for inclusive service provision and the Customer Service Excellence award • % rating ease of resolution – improving trend
	Offering customers choices	<ul style="list-style-type: none"> • Provide business customers with a choice of tariffs and a range of affordability assistance for household customers
	Effective communication of our services and their value	<ul style="list-style-type: none"> • 75% rating good value for money
Highest quality drinking water Safe, wholesome and pleasant drinking water that complies with mandatory standards and supports the well-being of our customers and communities	Proactive maintenance of assets	<ul style="list-style-type: none"> • Customer contacts about drinking water quality – 2,250/year, a 25% reduction over five years • 100% compliance with drinking water standards
	Source protection through catchment initiatives	<ul style="list-style-type: none"> • 20 sources protected through catchment management • No new water treatment works to deal with agricultural pollution
	Avoid use of poor water quality sources	<ul style="list-style-type: none"> • Completion of our integrated water supply grid scheme, which will enable us to use alternative sources at times of poor water quality
	Drinking water safety plans	<ul style="list-style-type: none"> • Ensure drinking water safety plans are understood and followed by all relevant staff involved in the water supply side of the business
Reduced leakage Leakage continuously driven down and leaks treated as a service failure	Proactively managing supply network	<ul style="list-style-type: none"> • <66.5MI/d of water leaked
	Treating leaks reported by customers as a service failure	<ul style="list-style-type: none"> • 90% reported leaks fixed within a day
	Innovative techniques for leakage prediction, detection and repair	<ul style="list-style-type: none"> • Trial providing near real-time monitoring/in-pipe monitors on our supply network to potentially enable the proactive detection of leaks
	Reducing customer pipe leakage	<ul style="list-style-type: none"> • Meter properties on change of occupier • Repair or replace leaky customer pipes free of charge

Customers and society – to provide customers with excellent affordable services and contribute to wider society *continued*

OUTCOMES	MECHANISMS	2020 COMMITMENT
Improved bathing water Contributing to bathing water being in good or excellent condition	Enhancing assets affecting bathing water	<ul style="list-style-type: none"> • 100% agreed bathing water schemes delivered • 100% beaches passing EU bathing standards
	Data gathering on point and diffuse impacts	<ul style="list-style-type: none"> • Complete two bathing and one shellfish water investigations on the performance of our assets and their potential impact on water quality
	Information for using recreational waters	<ul style="list-style-type: none"> • Continue near real-time monitoring of 100% of overflows that significantly affect bathing water beaches in our region • Provide near real-time warnings of overflow operation to beach users all year round via our Coastwatch alarm system
Resilient services Continuous delivery of high quality, reliable and secure services in the face of shocks (such as flooding or droughts) and stresses (such as population growth and climate change)	Managing assets for reliable service and standards	<ul style="list-style-type: none"> • No restrictions on water use (hosepipe bans) • <2,000 water mains bursts/year • <300 collapses/bursts on sewerage network/year • Have business continuity plans for service during unforeseen disruptive events
	Reducing asset vulnerability and ensuring adequate security of water supply	<ul style="list-style-type: none"> • Reduce the number of properties supplied by a single source of water to 42,000 • Reduce water supply interruptions (>3 hours) to an average of 12 minutes/property/year
	Increasing asset intelligence to identify and adapt to problems early	<ul style="list-style-type: none"> • Trial providing in-sewer monitors to potentially enable the proactive prevention of partial blockages
	Long-term climate scenarios, risk assessments and modelling to help us adapt	<ul style="list-style-type: none"> • Continued use of climate and population forecasts and scenarios in asset planning • Public reporting on climate risk and adaptation work
Sewage flooding minimised The risk of sewer flooding kept to a minimum, with sewerage services that support customers, communities and the environment	Asset capacity for reliable service	<ul style="list-style-type: none"> • Stable risk of flooding (due to hydraulic inadequacy) compared to 2015 • Deliver the Bristol Frome Valley sewer growth scheme
	Partnership work for sustainable surface water management	<ul style="list-style-type: none"> • Contribute to at least 10 partnership schemes by 2020
	Tackling sewer blockages through campaigns and lobbying authorities on sewer misuse	<ul style="list-style-type: none"> • Reduce internal flooding incidents to 1.66 incidents/10,000 properties

Customers and society – to provide customers with excellent affordable services and contribute to wider society *continued*

OUTCOMES	MECHANISMS	2020 COMMITMENT
Asset management – social aspects Assets operated, maintained and managed responsibly, with sustainability principles and practice fully integrated into the capital programme and scheme choices. Operating, or contributing to, more sustainable alternatives to conventional water management and treatment	Ensuring stable assets able to deliver outcomes and performance commitments	<ul style="list-style-type: none"> • Maintain capacity and effectiveness of our assets to enable continued provision of service to our customers • Maintain accreditation to the asset management standard ISO55001 • Meet asset related performance commitments
	Managing assets to minimise nuisance	<ul style="list-style-type: none"> • Manage our assets to minimise potential causes of nuisance to our customers and meet our SIM performance commitment
	Sustainability principles in appraisals and design standards	<ul style="list-style-type: none"> • Improve coverage of issues within appraisal methods
	Working on our pipe networks to manage flow and maintain capacity for social benefit	<ul style="list-style-type: none"> • Stable risk of flooding (due to hydraulic inadequacy) compared to 2015 • Prioritise solutions separating foul and surface water sewers where possible, as well as providing storage within the sewerage network
	Promoting 'upstream' options that reduce flooding risk	<ul style="list-style-type: none"> • Develop a catchment resilience plan for the Bristol Avon to identify, assess and, where relevant, promote upstream options • Deliver surface water separation schemes in Bridgwater and Weston-super-Mare
Stakeholder engagement Customers, local communities, economic interests, environmental organisations and other stakeholders in our region who are fully engaged in our activities	Comprehensive, verifiable engagement	<ul style="list-style-type: none"> • Establish new strategic panels • Review current stakeholder engagement plan and arrangements
	Using a variety of approaches for continuous engagement	<ul style="list-style-type: none"> • Continuously review our forms of customer engagement and remain receptive to new forms of communication
	Dialogue with communities on relevant schemes and issues	<ul style="list-style-type: none"> • Continue to ensure communities are informed on high profile schemes that may affect them
	Communications with establishments that help provide solutions	<ul style="list-style-type: none"> • Continue to review the suitability of our communications, including use of emerging technology
	Open disclosure, building trust	<ul style="list-style-type: none"> • Regularly report on our performance through our annual review and other reports; and respond to all environmental information requests • Provide annual updates on our progress against the 2020 commitments within our sustainability vision
Sustainable regulation Regulation that contributes to sustainability as well as delivering high standards for customer service and water and effluent quality	Lobbying for longer term sustainable investment	<ul style="list-style-type: none"> • Maintain discussion with relevant interests on investment needs and methods for achieving desired outcomes, emphasising more sustainable options
	Sound science and evidence based regulation	<ul style="list-style-type: none"> • Investigate problems in detail to establish their root cause and implement the most appropriate solution
	Awareness of full cost of meeting standards	<ul style="list-style-type: none"> • Carry out work to look at whole life cost and social and environmental costs as preparation for our next five-year business plan
Global society A positive contribution to global society through our activities	Contributing to the UN Global Goals	<ul style="list-style-type: none"> • Continue our work with WaterAid and other relevant organisations
	Socially sustainable supply chain	<ul style="list-style-type: none"> • Apply sustainability criteria across all supply chain frameworks and develop additional selection criteria as appropriate

Environment – to protect and improve the environment

OUTCOMES	MECHANISMS	2020 COMMITMENT
Rivers, lakes and estuaries protected Watercourses in good ecological and chemical condition with abstractions, effluent and land run-off sustainably accommodated by the environment	Sustainable water abstraction	<ul style="list-style-type: none"> • 100% compliance with abstraction licences • 100ML/year abstractions at Mere exported
	Sustainable implementation of water and waste water regulation	<ul style="list-style-type: none"> • 99km of river with improved flow • 70 waterbodies improved through sewage treatment investment, to improve river water quality • Have a robust river water quality model for our area to show point and diffuse pollution sources
	Championing catchment management and ecosystem function	<ul style="list-style-type: none"> • Produce catchment biodiversity opportunities maps within Poole Harbour and our Somerset reservoir drinking water catchments
	Meeting sewage treatment and sewerage standards	<ul style="list-style-type: none"> • Be industry leading in Environment Agency's Environmental Performance Assessment • Install event duration monitoring on 100% combined sewer overflows which present a risk to environment
	Understanding use and impact of upstream substances in sewage and the downstream effects	<ul style="list-style-type: none"> • Continue our work to understand the prevalence and impacts of persistent chemicals that appear in sewage, and work with industry to avoid our treatment works or the environment being harmed by these substances
Positive impacts on land Responsible management of our own land and neutral/beneficial impacts on other land that is influenced by our activities	Responsible sludge recycling to land	<ul style="list-style-type: none"> • 100% satisfactory sludge disposal
	Minimising upstream use of chemicals	<ul style="list-style-type: none"> • To understand whether or not CIP2 (Chemical Investigation Programme 2) substances are partitioned into the sludge stream and if so their extent
	Responsible use of our own landholding	<ul style="list-style-type: none"> • Continue to carry out and report on our duties for conservation, access and recreation • Investigate and promote options that increase other environmental benefits, such as water retention and maintaining carbon in soil
Biodiversity protected and enhanced A biodiversity-rich landholding and contributor to the wider region's biodiversity	Maximising biodiversity on our land	<ul style="list-style-type: none"> • 100% of our land assessed and managed appropriately for biodiversity • Maintain Sites of Special Scientific Interest (SSSIs) in favourable/recovering condition at 95% • Produce catchment biodiversity opportunities maps within Poole Harbour and our Somerset reservoir drinking water catchments
	Minimising impacts on biodiversity and environmental features	<ul style="list-style-type: none"> • Develop an assessment tool to understand natural capital value of our landholding • Set in place systems to monitor biodiversity gain and loss
	Biodiversity work with third parties	<ul style="list-style-type: none"> • Invest £80k/year up to 2020 in the Biodiversity Action Plan Partners Programme
Reduced carbon footprint Achieving carbon neutrality in the long term and generating more of our own renewable energy	Avoiding energy use	<ul style="list-style-type: none"> • Reduce emissions to 119 kilotonnes CO₂e/year by 2020
	Maximising energy efficiency	<ul style="list-style-type: none"> • Maintain an active energy efficiency programme fully integrated into asset operation and capital investment
	Increasing use of renewable energy	<ul style="list-style-type: none"> • 24% of electricity demand generated from our own renewable sources by 2020
	Options for remaining emissions	<ul style="list-style-type: none"> • Continued investigation of options to reduce other emissions, including carbon sequestration and off-setting

Environment – to protect and improve the environment *continued*

OUTCOMES	MECHANISMS	2020 COMMITMENT
Asset management - environmental aspects Sustainability principles and practice integrated into the capital programme; environmental and resource footprints of sites and projects minimised; and operation or promotion of more sustainable alternatives to conventional water management and treatment	Sustainability principles in appraisals and design standards	<ul style="list-style-type: none"> • Improve coverage of issues within appraisal methods
	More sustainable forms of treatment	<ul style="list-style-type: none"> • Continue to work with academia and industry partners to identify and trial alternative, more sustainable, forms of treatment
	Working on our pipe networks to manage flow and maintain capacity	<ul style="list-style-type: none"> • Prioritise solutions with separation options considered before attenuation/capacity enhancement solutions
	Promoting 'upstream' options for environmental benefit	<ul style="list-style-type: none"> • Develop a catchment resilience plan for the Bristol Avon to identify, assess and, where relevant, promote upstream options
Resource efficiency Waste generation minimised, with zero waste to landfill; environmental sustainability embedded within our supply chain	Avoiding, reducing, reusing and recycling waste	<ul style="list-style-type: none"> • Zero waste to landfill
	Environmentally sustainable supply chain	<ul style="list-style-type: none"> • Apply sustainability criteria across all supply chain frameworks and develop additional selection criteria as appropriate

Employees – to be a great place to work in which all employees can work safely and reach their full potential

OUTCOMES	MECHANISMS	2020 COMMITMENT
Safety and well-being Staff who are helped and supported in maintaining their physical and psychological well-being, with protection for our workforce and anyone who may be affected by our daily operations	Physical health, safety and well-being	<ul style="list-style-type: none"> • Deliver our health, safety and welfare strategy
	Psychological health and well-being	<ul style="list-style-type: none"> • Monitor psychological health and well-being trends and proactively support and inform staff to support themselves
	Ensuring safe, productive workplaces	<ul style="list-style-type: none"> • To maintain and improve on staff satisfaction with health and safety in the workplace
Fairness, integration, diversity Equality, diversity and inclusion in the workplace – everyone being treated with dignity and respect; and the same opportunity to succeed for all current and potential employees	Meeting employment law and regulations	<ul style="list-style-type: none"> • Maintain employment law training for managers to keep up to date and compliant with employment law developments
	Treating all employees fairly and equally	<ul style="list-style-type: none"> • Identify and review rates of staff satisfaction on fair and equal treatment irrespective of protected characteristics
	Employee diversity	<ul style="list-style-type: none"> • Publish diversity scorecard externally and deliver diversity action plan • Improve mix of employment from full time to both part time and flexible working including job share
Values and culture A company culture that reflects our values and individuals who are fully engaged in the company's work and its aims	Promoting our values and behaviours at all levels	<ul style="list-style-type: none"> • See a positive shift to employees consistently demonstrating BEST (Behaviours, Excellence, Service, Teamwork) values and behaviours
	Acting responsibly; ethical basis of activities	<ul style="list-style-type: none"> • See an improving trend on behaviours, values and culture within our staff survey
	Good internal co-operation; a learning organisation	<ul style="list-style-type: none"> • See an improving trend on behaviours, values and culture within our staff survey
	Flexible, innovative; opportunities; best practice	<ul style="list-style-type: none"> • Continue to review and promote flexible and new ways of working
Skills and knowledge Staff with the appropriate skills, knowledge and competencies and their potential being realised	Training and work management for staff	<ul style="list-style-type: none"> • Continue to offer and deliver staff training needs submitted on an annual basis
	Staff development and learning opportunities	<ul style="list-style-type: none"> • Assess the success of existing staff development schemes and use the findings to improve schemes in place as part of the wider succession plan • Continue to offer our new Aspiring Leader and other leadership development courses to support employees in developing their careers
	Building talent pool	<ul style="list-style-type: none"> • Continue to refine and evolve our succession plan that builds on our talent pool • Retain 90% of apprentices at the end of their apprenticeship
	Embedding sustainability in training and communications	<ul style="list-style-type: none"> • Review best practice for internal communication of sustainability and adapt our approach accordingly

Employees – to be a great place to work in which all employees can work safely and reach their full potential *continued*

OUTCOMES	MECHANISMS	2020 COMMITMENT
Rewards and incentives A clear remuneration policy that fairly rewards all staff on the basis of their contribution to the business, and helps them to support themselves in retirement	Flexible benefits packages driving and rewarding good performance	<ul style="list-style-type: none"> • Continuous review of flexible benefits to ensure we remain competitive with other businesses • Maintain a strong link between performance, behaviours and total reward at all levels within the business
	Incentivising innovation and best practice	<ul style="list-style-type: none"> • Maintain ongoing rewards for employees developing good ideas
	Helping retired staff support themselves	<ul style="list-style-type: none"> • Access for all relevant staff to retirement information to enable them to make the right choices • Enable effective transitional retirement through flexible retirement options
	Assigning employee sustainability objectives	<ul style="list-style-type: none"> • Help staff identify which of the company's sustainability objectives are most relevant to their day to day work
Internal dialogue Clear communication to and between staff, resulting in a well-informed workforce	Communicating company goals and issues	<ul style="list-style-type: none"> • Ensure company aims and objectives are made available to all staff • Improve trend in staff survey on staff understanding company aims and objectives
	Facilitating good communication among staff	<ul style="list-style-type: none"> • Regularly update staff through our internal communication channels • Develop and roll out improved systems for smarter ways of working, with benefits to include increased mobility and accessibility
	Acting on staff feedback	<ul style="list-style-type: none"> • Improve participation rates within our staff survey and the number of staff satisfied that action plans will be put in place

Finances – to deliver the best possible returns to investors

OUTCOMES	MECHANISMS	2020 COMMITMENT
Stable finances and risk management Stable finances that ensure long-term viability with risks well managed	Closely monitoring finances	<ul style="list-style-type: none"> • Maintenance and close monitoring of adequate financial and other resources
	Ready access to capital markets	<ul style="list-style-type: none"> • Maintenance of a solid investment grade credit rating
	Ensuring that investors are confident that returns are proportionate to risk	<ul style="list-style-type: none"> • All key risks identified by executives and agreed with board
Investor relations Seen as 'prudent and well-managed' by financial interests	Meeting financial targets and leading on efficiency	<ul style="list-style-type: none"> • Achieve upper quartile Ofwat wholesale expenditure allowance • Operate below industry average retail cost to serve • Run profitable non-regulated businesses
	Positive relationships with financial sector	<ul style="list-style-type: none"> • Maintain dialogue with our financial stakeholders
	Encouraging retention of equity	<ul style="list-style-type: none"> • Maintenance of an appropriate amount of equity in the business
Accountability Accountable and transparent operations, policy and strategy, without jeopardising commercial confidentiality	Maximising openness of company activities	<ul style="list-style-type: none"> • Regular stakeholder engagement on and publication of long-term strategy and business plans, plus publication of annual updates on progress
	Transparent and robust assurance processes	<ul style="list-style-type: none"> • Consultation on and publication of annual assurance statement and assurance plan covering all stakeholder facing performance metrics. Compliance with UK Corporate Governance Code
Governance Governance structures and processes complementary to our sustainability goals	Governance responsive to stakeholders	<ul style="list-style-type: none"> • Any externally published information will be subject to formal internal sign-off procedures appropriate to the content provided
	Sustainability in company values	<ul style="list-style-type: none"> • Ensure continued alignment of stated goals
	Economic incentives for sustainability	<ul style="list-style-type: none"> • Company, directorate, departmental and team targets that align with sustainability goals
Adding value Stakeholders convinced that the company adds value to society, the environment and the economy	Communicating financing to customers	<ul style="list-style-type: none"> • Transparent publication of group structure
	Communicating taxation payments	<ul style="list-style-type: none"> • Transparent publication of tax arrangements
	Investment that benefits local communities	<ul style="list-style-type: none"> • Carry out planned investment in our assets and for the water environment and also contribute to local community initiatives
	Sustainability accounting, with dialogue on the wider value provided	<ul style="list-style-type: none"> • Annual accounting and reporting of investment in infrastructure and programmes that benefit customers, communities and the environment

Making it happen

As the previous pages indicate, to achieve genuine sustainability we need to have the right working practices and systems in place in all that we do. We need good working relationships within the company and with outside interests. We need clear commitments and robust methods for checking our progress and we need to find ways to address the challenges and opportunities that we face.

Here, we summarise some of what we are already doing.

Values and culture

Our BEST values help underline the qualities of a responsible business in which everyone works in the best interests of our stakeholders and each other. They have been built into employee appraisals and help support other aspects such as learning, communication and innovation.

Behaviours – we respect and value everyone’s contribution and always operate with integrity and openness.

Excellence – we aspire to excellence in everything we do.

Service – serving customers is at the heart of our business and we always go the extra mile.

Teamwork – we are one team working together to deliver our mission.



Initiatives

There are various ways in which we are putting sustainability principles into practice and in many cases going beyond business as usual. For example:

- customer dialogue has been developed with online panels that help us gather the views of a cross section of customers on issues such as our guaranteed standards scheme, free leak repairs, sewer misuse and water efficiency
- our widely commended tailored assistance programme includes a range of measures to help low income households and vulnerable customers. We have also introduced online billing
- our website includes interactive maps showing capital projects in progress and an interactive map of beaches that shows whether nearby sewer overflows have operated following heavy rainfall. This is linked to a real-time text alert system for beach users
- charitable grants to local communities include the Watermark award for small-scale environmental projects
- we use trenchless methods for sewer repairs, helping these projects be cheaper, quicker and less disruptive to people nearby, as well as extending the life of sewers and improving their throughput
- our integrated water supply grid will improve the resilience of water supplies allowing us to take less water from sources in more environmentally sensitive locations
- as well as a longstanding education programme we are helping promote science, technology, engineering and mathematics, in part through workshops that raise the profile of those subjects among young learners

Making it happen *continued*

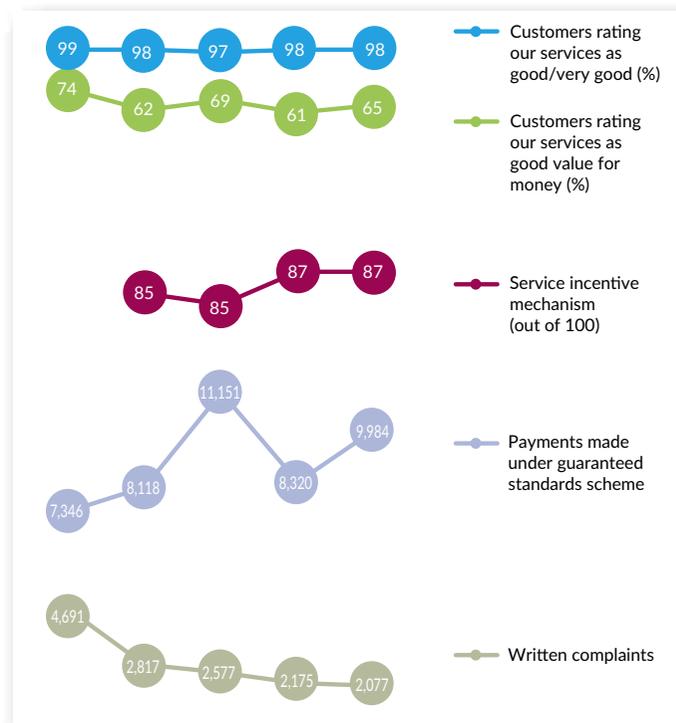
- we work in close partnership with other organisations with an interest in water, such as local councils in the development of surface water management plans, and multi-agency groups set up to improve bathing water quality
- we are an active promoter of catchment management, partly by providing agronomic advice to farmers and landowners to help prevent contamination of aquifers and reservoirs. We are leading local river catchment initiatives in Poole Harbour and the Frome and Piddle catchment and trialling a unique approach in the Bristol Avon to reduce phosphorus loads in effluent, regulated across the catchment instead of on a site-by-site basis
- following upgrades to anaerobic digestion we have installed food waste digestion in Bristol from where we are also exporting biomethane to the gas grid and demonstrating its use for vehicles, such as the Biobug and Biobus
- we have reduced the amount of waste going to landfill to less than 5% through a range of waste management initiatives
- we carry out extensive environmental investigations to gauge the effects of water abstraction and effluent discharges on the water environment
- our research partnership with the University of Bath covers subjects of common interest such as the use of algae and reedbeds to remove phosphorus from effluent; increasing biogas production in anaerobic digesters; the prevalence of pharmaceuticals in sewage and treated effluent; public engagement strategies and development of techniques for life-cycle assessment
- health and safety is not an optional extra but integral to all our work. Behavioural safety is one aspect emphasised in the improvement of our health and safety culture
- our employee suggestion scheme rewards ideas that have been implemented and can help lower operating costs, reduce risk or improve performance. We also trial new products and technologies with the potential to deliver these benefits
- we train apprentices in several areas of the business including operations, engineering, laboratory analysis, accountancy and customer services.

Reporting progress

Our annual review covers the full range of our activities, financial details, performance indicators, a risk review and compliance statement, reports on governance and each of the company's board level committees, and contains a section on sustainability accounting.

Alongside it we publish sustainability indicators that give an at-a-glance view of our performance over the preceding five years.

In addition to annual reporting we communicate initiatives and activities through various routes including a twice-yearly customer magazine, our website, subject specific reports and newsletters and face-to-face dialogue via stakeholder panels.



From our sustainability indicators

Emerging issues

Our sustainability work is not based around a static set of issues – the water sector is in a phase of relatively rapid transition at the moment. It is vital that we respond successfully to risks and new opportunities if we are to remain fit for the future and continuously generate social, economic and environmental value.

There is growing expectation that public service providers and businesses should offer 24/7 availability, immediate response and greater personalisation of service. Digital communication and social media are speeding up reaction to events and expanding the audience of companies and those they serve.

High standards of public engagement are expected, there is growing scrutiny of companies' practices and performance and ethical spending is growing steadily. Consequently the service excellence ethos of our staff and readiness to go the extra mile are aspects we stress.

Meanwhile, significant concerns remain about affordability and household finances with the ongoing fall-out from the 2008 global financial crisis. Associated issues include growing wealth inequalities within and between generations, shortages in affordable housing and changes to welfare and benefits, all of which can affect the ability of low income households to pay for essential services.

We are constantly looking at ways to address concerns about affordability and offer services that are as inclusive as possible. Our regions population is forecast to grow by 15% in the next 20 years and to develop an older profile.

For employers and their staff there is a trend towards more flexible work patterns, enabled in part by improving information technology. The workforce is ageing overall and for the utility sector there are already specific issues around attracting and retaining enough individuals with sufficient technical skills and knowledge.

We expect our environmental work to continue being dominated by European water regulation, in particular the issue of nutrient loading in rivers

and estuaries. Water companies are conscious of the risk of ever-increasing fines for major pollution incidents. There is growing interest in promoting free services provided by functioning ecosystems and natural capital, with alternatives to conventional end-of-pipe treatment becoming more mainstream.

These include surface water management and tackling pollution at source through catchment management, although farm intensification is a challenge for water quality.

We have experienced extreme weather events in the last five years, notably intense rainfall and flooding, which indicate some of the threats likely to be amplified by climate change and increasing urbanisation. We expect decarbonisation to be an increasingly important topic as the UK seeks ways to reduce its carbon footprint in line with international commitments.

The biggest structural change underway in the water sector is the introduction of competition for non-household customers, with formal separation of wholesale and retail functions from 2017 onwards. The outcomes based approach to delivering social and environmental benefit is set to continue, as is the expectation that investment decisions are based on both upfront capital expenditure and ongoing running costs. Ofwat's new vision for the sector Water 2020 signals a bigger role in future for trading water resources and sludge as well as emphasising customer choice; resilience; balanced risk and reward; customer engagement; long-term, targeted and risk-based approaches; sustainable environmental improvement; transparency; affordability and effective challenge to companies' business plans.