

PART ONE

Thank you for agreeing to participate in this important project.

The research event will involve discussing future investment plans for Portsmouth Water and Southern Water

- Please read the following information before coming to the research event. This is designed to give you some background information to the topics we will be discussing.
- This exercise should take no longer than 20 minutes
- Please don't worry if you don't understand or remember the information – it will all be recapped during the research – and there will be time for questions.
- Please complete the short survey at the end of the document at least the day before the event.



Water companies in England and Wales

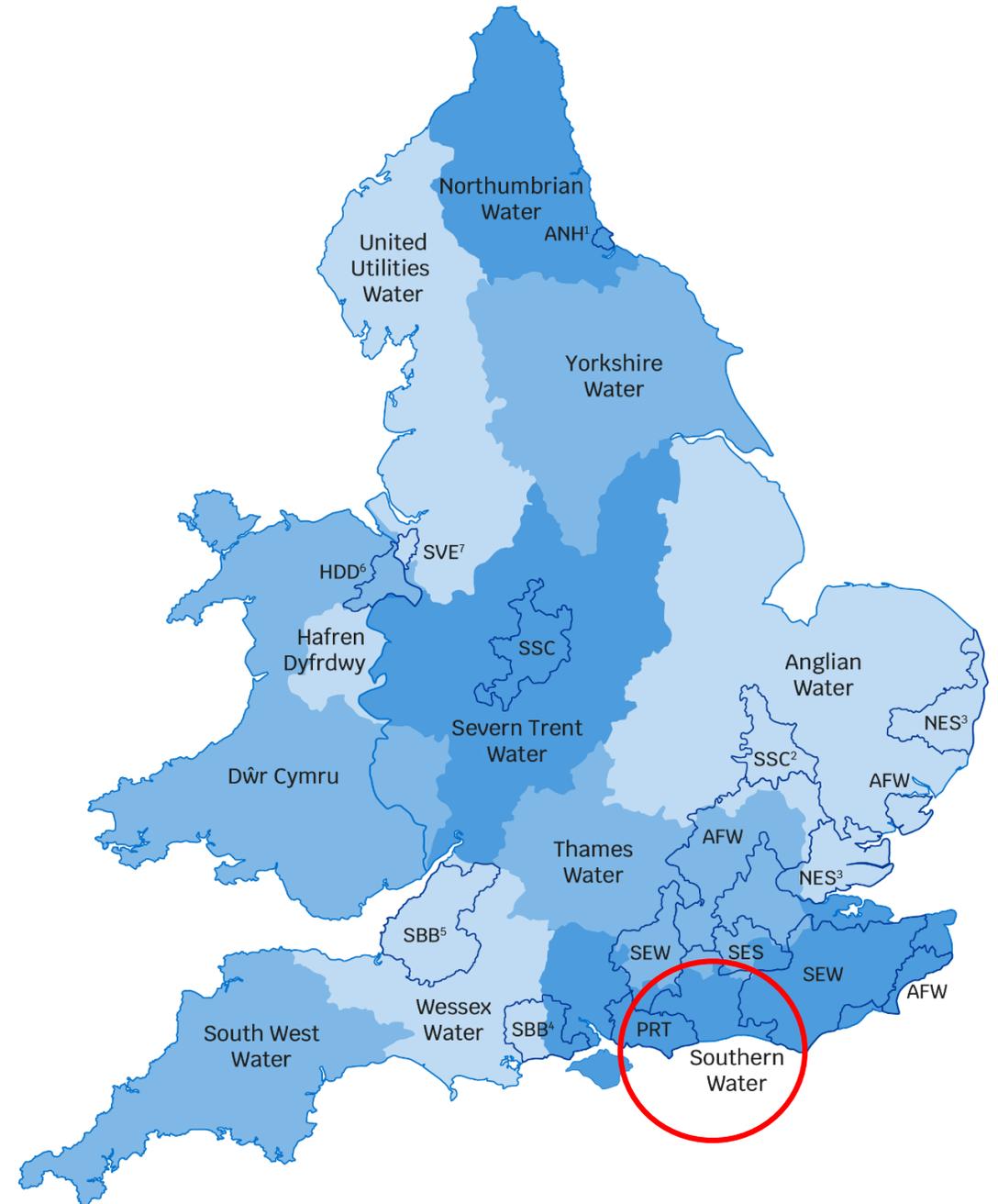
There are 11 water companies that provide **both water and sewerage services**

There are also 5 companies that provide **water services only**

Some households have 2 separate suppliers:

e.g. people in the Portsmouth Water area receive **water services from Portsmouth Water** and **sewerage services from Southern Water**

Water companies are regional: people have to receive water services from the company that covers where they live



Where do Portsmouth Water and Southern Water operate?



- Portsmouth Water provides **water supply services** across Hampshire and West Sussex, serving the towns of Portsmouth, Chichester, Fareham, Gosport, Havant and Bognor Regis.
- It provides clean drinking water to 324,000 homes and businesses in the area.



Light blue area served by Portsmouth Water AND Southern Water

- Southern Water provide **wastewater services** to more than 4.6 million customers across Kent, Sussex, Hampshire and the Isle of Wight, **including in Portsmouth and Bognor Regis**
- It also provides water to 2.6 million customers in the region, **but not in Portsmouth and Bognor Regis**

Every five years, **water companies develop a 'business plan'** that sets out how they want to develop their services, and the proposed cost to customers.

As customers are not able to choose their water company, water companies must give them a say about **what they want from their services and the price they pay.**

Talking to customers also helps water companies **prioritise what to do first or what to do most of** – because they are not able to fund everything they would like to do or do all of the things that customers might want them to do.





The business plan and prices are then **finalised by Ofwat** in a process known as the Price Review. There is more information about this here: 'All about the price review'. Available at:

<https://www.youtube.com/watch?v=OWmivC93AF8>

One of the ways that people have their say is through this research, which will explain what the plans are for where you live, and ask what you think – whether the plans are '**acceptable**' to you and whether you can **afford** the proposed bills from 2025-2030.

Companies also have to show to Ofwat that their **plans reflect what their customers want** – that means refining the plans based on what customers tell them.





Water services

Provided by



Wastewater services

Provided by:



1. Water is collected and treated

2. Clean water supplied to homes and businesses

3. Customers receive safe water

4. Customers can flush and forget...

5. Wastewater is collected

6. Wastewater treated & returned to the environment

7. Customer services and billing

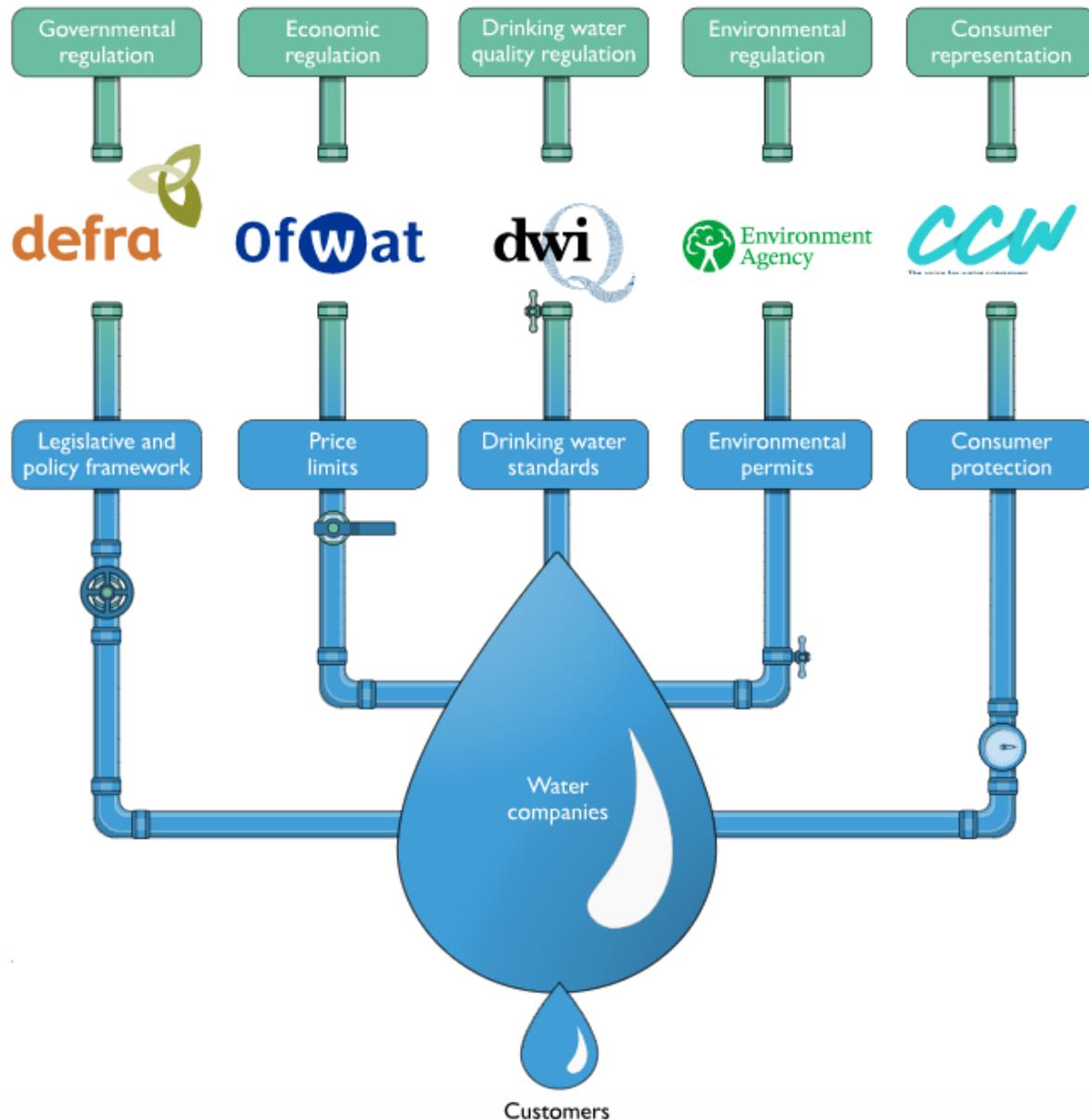


You receive separate bills from the two companies

7. Customer services and billing



Who regulates water companies?



Water companies are heavily regulated.

There are tough consequences if companies fail to meet their legal requirements, or their commitments for customers and the environment.

Defra: Department for Environment, Food and Rural Affairs

DWI: Drinking Water Inspectorate

CCW: Consumer Council for Water

Water companies are currently part way through their five-year business plan for 2020 to 2025. They have **service level targets, called 'performance commitments'**, in every five-year business plan.

These **targets are based on what customers have previously told companies they would like them to do**, and on Ofwat's assessment of what companies should deliver. These targets cover a wide range of the different services that water companies provide.

Ofwat monitors water company performance against each performance commitment every year to see if they have met the service level in their business plan.

We are now going to show you how well your water and/or sewerage company is doing on some of their performance commitments, compared to other water companies in England and Wales. These performance commitments are a snapshot of the wide range of services companies provide. We are showing these examples as customers have told us they are particularly important to them.

Water companies have to provide **reliable services**, and plan for their services to be **resilient** to changing weather patterns and demand from consumers.

Companies can **miss** or **exceed** performance commitment targets for a number of reasons.

For example, leaks from pipes happen more often after very cold weather, which can contribute to a company not meeting the target, and flooding from sewers is less likely in dry weather, which can lead to higher performance for sewer flooding service targets

Example:

Water company sets a performance commitment based on customer priorities:

To reduce leakage from water mains and pipes

The company **exceeds the target** and reduces leakage by an amount above the target

The company is **rewarded by Ofwat**: customers pay a bit more on their bills because the company has delivered more improvements in the areas that matter to customers

The company **misses the target** and only reduces leakage by an amount below the target

The company is **penalised by Ofwat**: in following year(s) customers pay a bit less on their bills to compensate for poorer service than promised



How has my bill been affected by Ofwat's penalties and incentives?

- Southern Water **passed 8** and **failed 9** performance commitment targets earning them penalty of £40.1m. This is returned through a customer bill reduction.
- Last year Portsmouth Water **passed 18** and **failed 8** performance commitment targets, earning an overall reward £0.755m, which can be obtained through a bill increase. However, £0.333M of the reward was deferred to future years, reducing the bill increase during the current cost-of-living crisis.

PART TWO

Next we are showing you how Portsmouth Water and Southern Water perform in relation to other water companies across England and Wales

- The water industry uses a number of measures to assess performance.
- Because the water companies are very different in size and number of customers, these measures are often 'normalised' to give a fair comparison
- For example: on the next slide you'll see information about the number of customers recorded on water companies' priority services registers.
- Please read the information and consider whether you are happy with Portsmouth Water's and Southern Water's performance – and where you would like to see improvements.



Priority services register – what it is?

- The **Priority Services Register** is open to anybody who needs one of the services that a water company offers
- Each water company, including Portsmouth Water & Southern Water, keep a Priority Services Register and it includes customers' specific requirement(s), for example:
 - People who are particularly vulnerable **during supply interruptions**.
 - For example: people with health issues who could be at risk when there is no water, or people with mobility problems who may not be able to reach water tanks
 - People who are particularly vulnerable **during actual or potential drinking water contamination** incidents.
 - People who need **information in a different format** than the company usually uses, for instance people who are deaf, vocally impaired, partially sighted or blind, or people with mental health problems or learning difficulties; or
 - People who may need **help to read their meter, to understand their bills, or to make arrangements to pay** their bills

Priority services register – performance commitment

- As we saw earlier, water companies service level targets, called ‘performance commitments for which they can receive penalties (when they do not achieve the target) or rewards (when they do).
- The **Priority Services Register Performance Commitment** is one that has no financial penalties or rewards for companies, but companies are scored on how well they do just like they are on other performance commitments.
- For the Priority Services Register, the regulator tells water companies to:
 - Keep accurate and up-to-date information on consumers who need specific help or service
 - Make sure all consumers are told about the specialised priority services that are available
 - Make sure the application process is easy to access, to understand, and to complete
 - Make sure consumers can find all the information they need in a form they can use and understand
 - Make sure that bill payers who need special assistance know how much they need to pay and when they need to pay by
 - Operate a password scheme to make sure that consumers can identify company staff from potential bogus callers
 - Make sure all metered bill payers can check their water usage regularly
 - Make sure that disabled consumers know which of the company's public buildings and recreational facilities are equipped to cope with their needs
 - Make sure that all staff are fully aware of the needs of, and services available for, disabled, chronically ill or elderly consumers

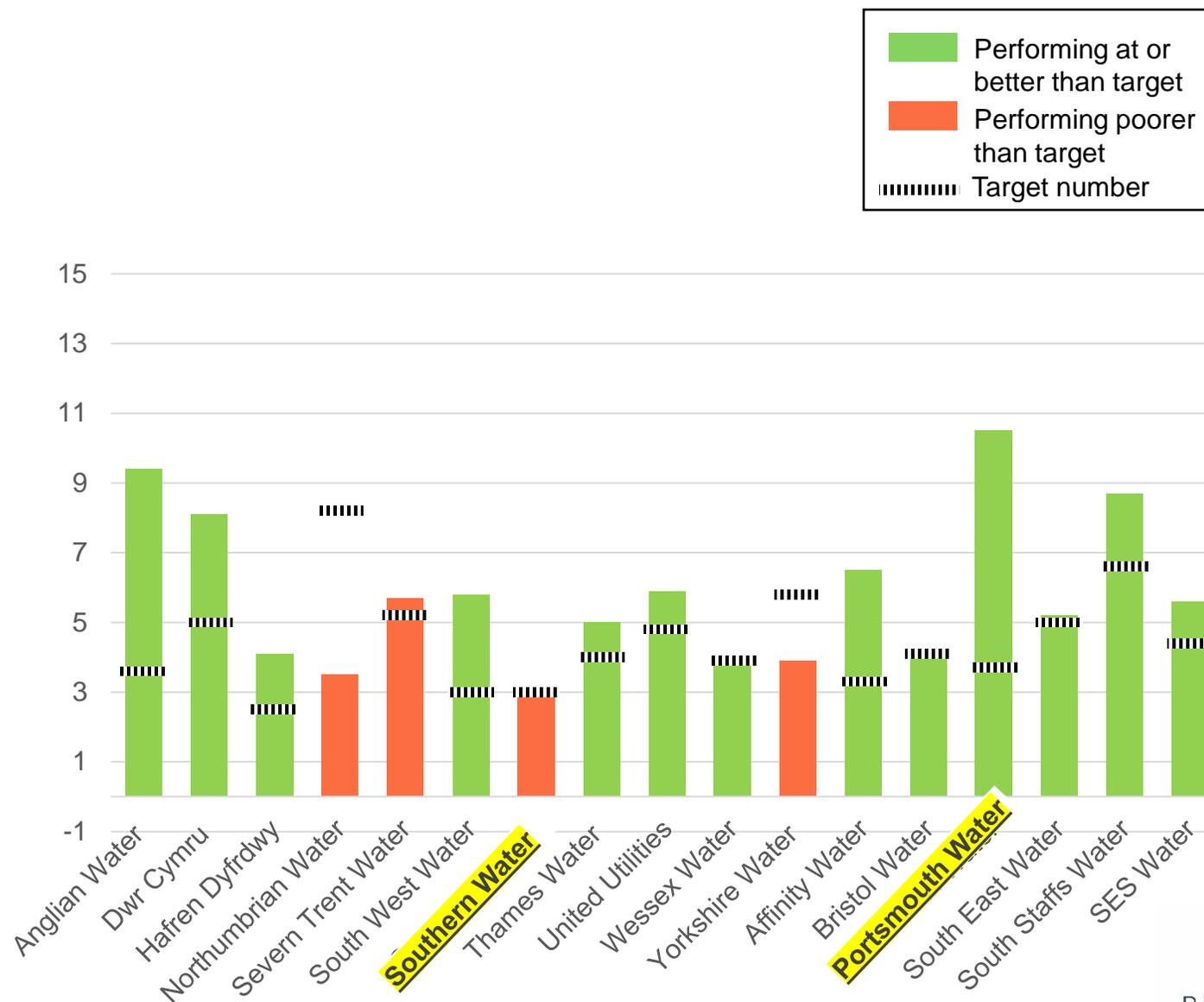
Priority services register performance in 2021-22

The table shows the percentage of households on each company's register and categorises the companies' performance on whether they have achieved all elements of the performance commitment.

Company performance against target.
(A higher percentage is better.)

Water and Sewerage company	Performance Against Target
Anglian Water	+161%
Dwr Cymru	+62%
Hafren Dyfrdwy	+64%
Northumbrian Water	-57%
Severn Trent Water	+10%
South West Water	+93%
Southern Water	-3%
Thames Water	+25%
United Utilities	+23%
Wessex Water	+3%
Yorkshire Water	-33%
Affinity Water	+97%
Bristol Water	+0%
Portsmouth Water	184%
South East Water	+4%
South Staffs Water	+32%
SES Water	+27%

Number of customer contacts received regarding incidents, per 1,000 properties.



Social Tariff – what it is?

- All water companies have **social tariffs** for customers who struggle to pay their bill.
- Social tariffs have been developed for customers on a low income. This is designed to assist and support vulnerable customers. The water charges will be at the minimum charge and will apply to all eligible customers.
- Most social tariffs are paid for by a cross-subsidy companies charge on customer bills. In other words, people who are not on a social tariff, pay a little bit more for their water and wastewater services to fund the social tariffs

- For **Portsmouth Water & Southern Water** the current threshold is a household income of less than £21k.
- The two companies have aligned and anyone who is on Portsmouth Water's social tariff is automatically put onto Southern Water's, and vice-versa

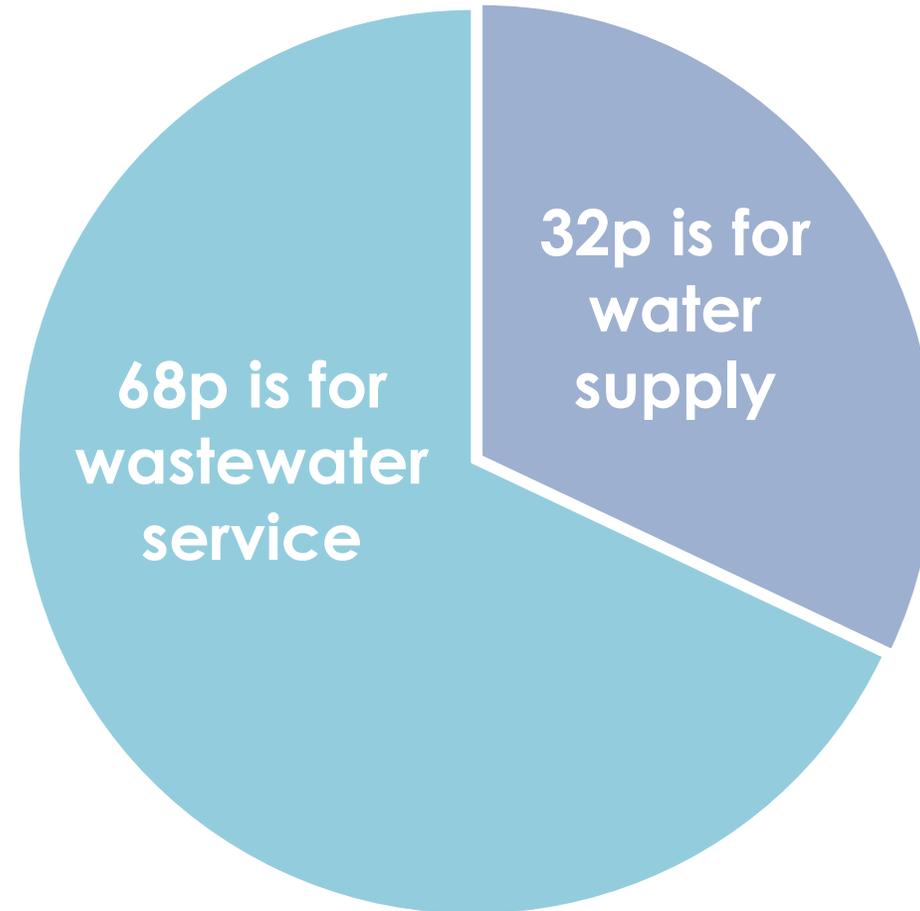
- In total, 11,000 Portsmouth Water customers are on a social tariff (and they will have been automatically placed on a social tariff from Southern Water as well)

Social tariff – performance commitment

- The **Social Tariff Performance Commitment** is one that has no financial penalties or rewards for companies, but they are scored on how well they do just like they are on other performance commitments.
- However: every water company has a commitment, or target, that is specific to them and so it is not possible to show comparisons between different water companies.
- The performance commitment around social tariffs for Portsmouth Water & Southern Water is focussed on the **number of customers who are benefiting from the company's social tariff**.
- Portsmouth Water committed to achieving 10,000 customers benefiting from its social tariff by 2025, it has already achieved that as currently there are 11,000 customers on its social tariff. These customers are, as mentioned, automatically transferred to Southern Water's social tariff as well.

Household bill breakdown

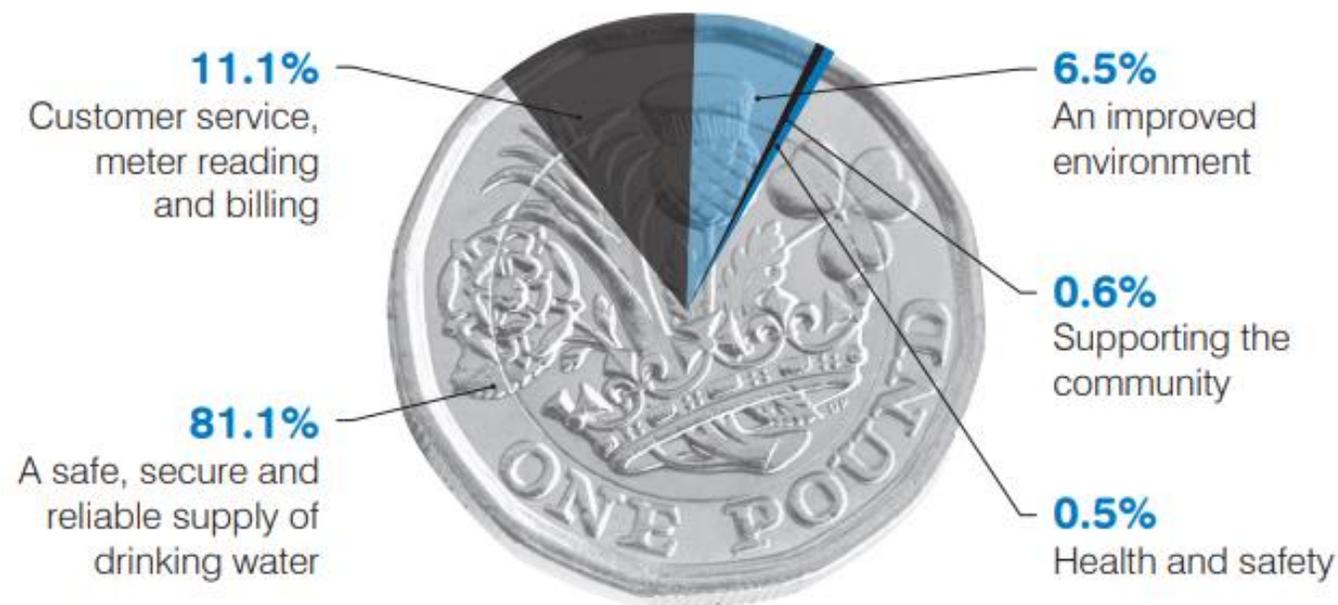
For an average customer, for every £1 spent:

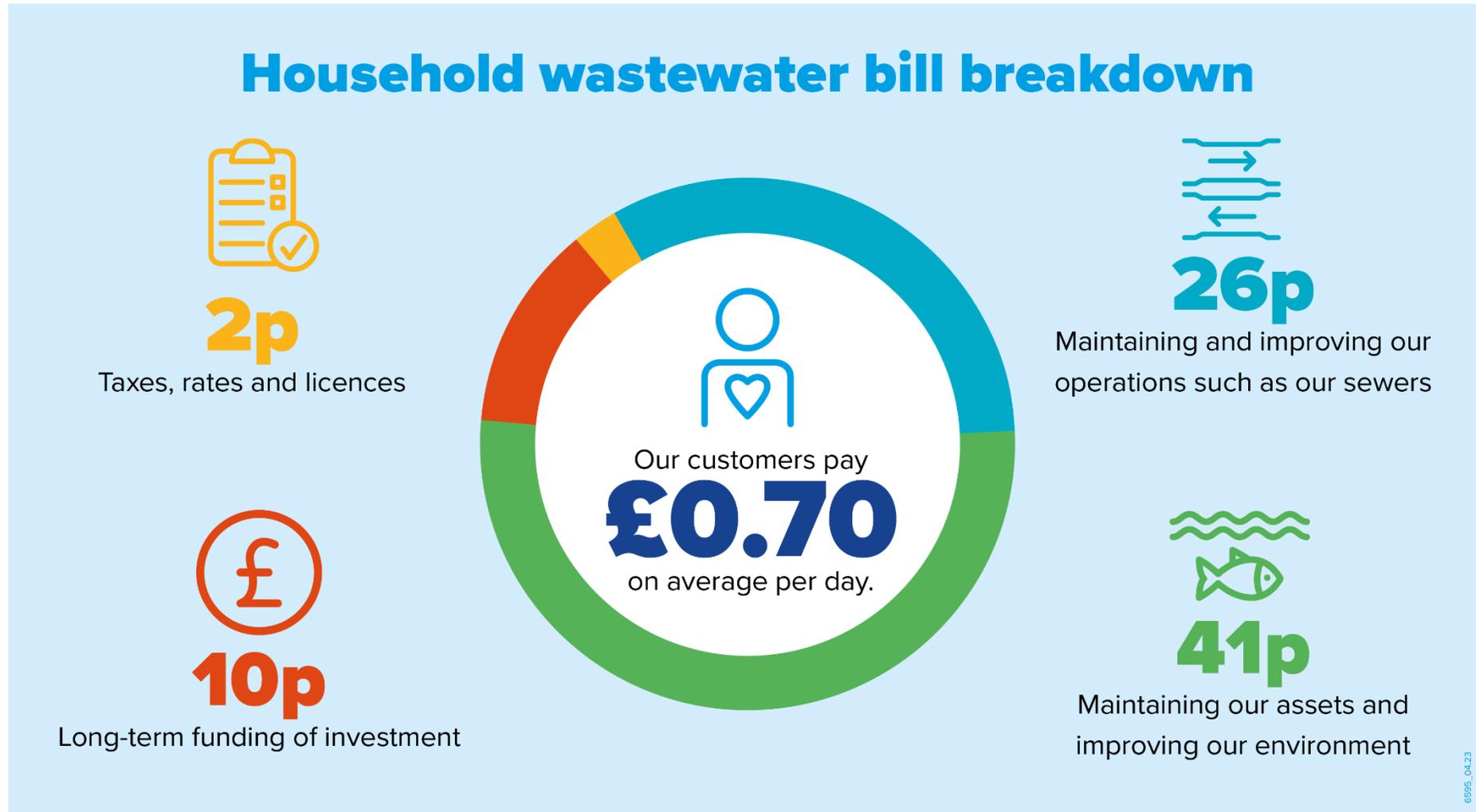


Your water bill



How your bill is made up...





PART THREE

Finally we are showing you a headline summary of Portsmouth Water's & Southern Water's proposed business plans for 2025-30 around priority services and the support of vulnerable customers.

- Please remember that Portsmouth Water's business plan relates to your drinking water services, while Southern Water's plans relate to your wastewater services
- We will be discussing in more detail all the different elements of this plan when we speak to you in the interview
- Remember that this research is about customers like you having their say on the plans before they are submitted to the regulator.



Where Portsmouth Water is today:

Portsmouth Water currently have a Priority Services Register, with over 30,000 customers on it. The Priority Services Register is a free service for customers who might need extra support, due to their age, health, disabilities etc. It offers a range of services, including assistance with sending bills, home visits, warnings for emergencies and interruptions etc



What Portsmouth Water is proposing:

Additional support to vulnerable customers

Portsmouth Water will maintain communications with those on the register to ensure they are continuing to meet their needs.

As Portsmouth Water moves towards smart metering, it could provide further support to vulnerable customers such as a service identifying customers who have not used water and alerting a family member.

This could help identify if someone has had an accident or has become ill.

Social tariffs

Where Portsmouth Water is today:

Portsmouth Water currently has a social tariff, where 11,000 customers only pay its minimum tariff. This currently equates to a 40% reduction (£46), from an average bill of £117 to £71. The social tariff criteria for Portsmouth Water is a household income of less than £21,000.

What Portsmouth Water is proposing:

Being part of a future national discount scheme

At the moment, we expect this scheme to provide a £5 discount to all customers on universal/pension credit.

This will be a minimum discount, with those who are on universal/pension credit and also qualifying for our social tariff receiving the higher social tariff discount.

Development of a financial hardship fund

This would be a 'pot' of funding that would be available for any customer to access, should they meet specific criteria.

The criteria would be co-created with customers and organisations such as Citizens Advice.

Target for 2030

Portsmouth Water is targeting having 27,500 customer registered for a social tariff by 2030.

Additional Financial Support

- **Priority Services Register:** PSR teams offer specialist customer service to customers, including large print or braille bills, translation of important information into a different language or home deliveries of bottled water in the event of supply disruptions. Southern Water has over 7% of customers registered and plans to continue reaching out to customers and working with partners (such as councils, charities and housing associations) to identify those that need greatest support
- **Essentials Tariff:** 111,250 customers are currently supported through social tariff. We increased the basic discount of 20% to 45% from 1st October 2022, have now moved all existing social tariff customers to this higher discount. We plan to continue the minimum discount at 45% from 2025 onwards.
- **Watersure:** 16,670 customers have their water bills capped
- **Hardship Fund:** Nearly 800 customers helped through Hardship Fund in its first two years. The hardship fund supports those that are financially struggling and always put their payment of bills first. It writes off debt, provides a future 50% bill reduction and is used to purchase white goods to help with essentials for customer homes.
- **Payment breaks/tailored payment plans** for customers who are struggling financially
- **New Start:** If a customer is in significant arrears and commits to payments, for their payments Southern Water will match their payments made towards arrears. (Household must demonstrate financial hardship and have not made recent payments)
- **Water Direct:** With customer consent, water bills can be taken direct from benefits to help with budgeting

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Finally we are showing you a headline summary of Portsmouth Water's & Southern Water's proposed business plans for 2025-30.

- Please remember that Portsmouth Water's business plan relates to your drinking water services, while Southern Water's plans relate to your wastewater services
- We will be discussing in more detail all the different elements of this plan when we meet you at the research event
- Once you've read it, please us the short (3 question) survey to note down your comments and questions
- Remember that this research is about customers like you having their say on the plans before they are submitted to the regulator.



Portsmouth Water's Business Plan for 2025 - 2030



WATER SUPPLY INTERRUPTIONS LASTING LONGER THAN THREE HOURS

CHALLENGE

Maintain our water supplies as the most reliable in the country, and at least as reliable as they are today (an average of 2 minutes 15 seconds).

2025-2030

Invest more to upgrade ageing water treatment works, pumps and water mains. To maintain our industry leading service, would cost an additional £3.35 plus inflation on bills by 2030.

LONG TERM

Keep our services the most reliable in the country and work towards no interruptions beyond three hours.



THE APPEARANCE, TASTE AND SMELL OF TAP WATER

Maintain our position as one of the best performing companies with lower contacts than the industry target.

Add more ultraviolet treatment to our works, partner with landowners to stop pollutants reaching water sources and replace more water mains.

Keep our water quality contacts among the lowest in the country.



REDUCING LEAKS

Maintain our position as one of the best performing companies and reduce leaks from 77 litres per property per day to 56 litres by 2030.

Transform our network into a 'smart' one to monitor flows, employ advanced sound and satellite technology, repair leaks on customers' supply pipes free of charge (conditions apply) and increase our workforce. Our fast-track plan to reduce leakage would cost an extra £2.75 plus inflation on bills by 2030.

Halve leakage by 50% by 2040, 10 years earlier than we must.

WHERE WE'D LIKE TO INVEST TO DO MORE



INSTALLING SMART METERS

CHALLENGE

Our customers use more water than most in the UK. We need to make better use of water available and find and fix more leaks to meet the challenges of climate change, population growth and to protect the environment.

2025-2030

Install smart meters for nearly half our customers, supported by water-saving advice and tools for households and businesses, as well as free leak repairs on supply pipes (conditions apply). We'll make sure all customers can afford their bill.

LONG TERM

Install smart meters for all households by 2035 and trial innovative water-saving tariffs.



REMOVING LEAD PIPES

Lead water pipes are now banned because they can impact the development of young children. We've replaced most lead pipes on our network and use harmless chemicals to reduce traces of lead. We want to remove lead pipes completely.

Replace lead pipes so all schools and vulnerable homes can access water with no exposure to lead by 2030, and at a further 15% of homes. The 15% of homes would cost an extra £41 million and add £5.25 plus inflation on bills by 2030.

Find and replace lead pipes at all homes by 2060.



IMPROVING THE ENVIRONMENT

The environment we rely on is under threat from climate change. We want to further improve land we own for plants and animals and give more grants to help others create wildflower meadows, ponds, improve woodlands and do research.

Improve the environment at our key sites and double the grants we give each year to £100,000. To increase our environmental work would cost an extra £4.75 million and add 40p plus inflation on bills by 2030.

Continue to invest in environmental partnerships to maintain the environment for water supplies.



Southern Water's business plan for 2025-30

Common areas across water companies	Sewer flooding	Pollution incidents
By 2030 we'll...	focus on customers most frequently impacted and reduce internal flooding from 1.04 to 0.99 and external flooding from 15.5 to 14.7 per 10,000 homes.	focus where it matters most to reduce serious incidents to zero . We'll also reduce overall incidents from 19.4 to 17.7 per 10,000km of sewer.
We'll do this by...	working in partnership to reduce pressures on our networks and prevent water entering our sewers – as well as using data to predict where flooding might happen.	improving how we predict where issues might happen by installing better monitoring, making our assets more resilient and investing in new ways to prevent rainwater entering the system.
By 2050 we'll...	build a fully digital network, which enables us to prevent issues from happening and is resilient to the impacts of climate change and population growth.	continue protecting the environment and reducing pollution as a top priority.



INVESTING £1,100m IMPROVING OUR RIVERS





INVESTING £860m IN STORM OVERFLOWS

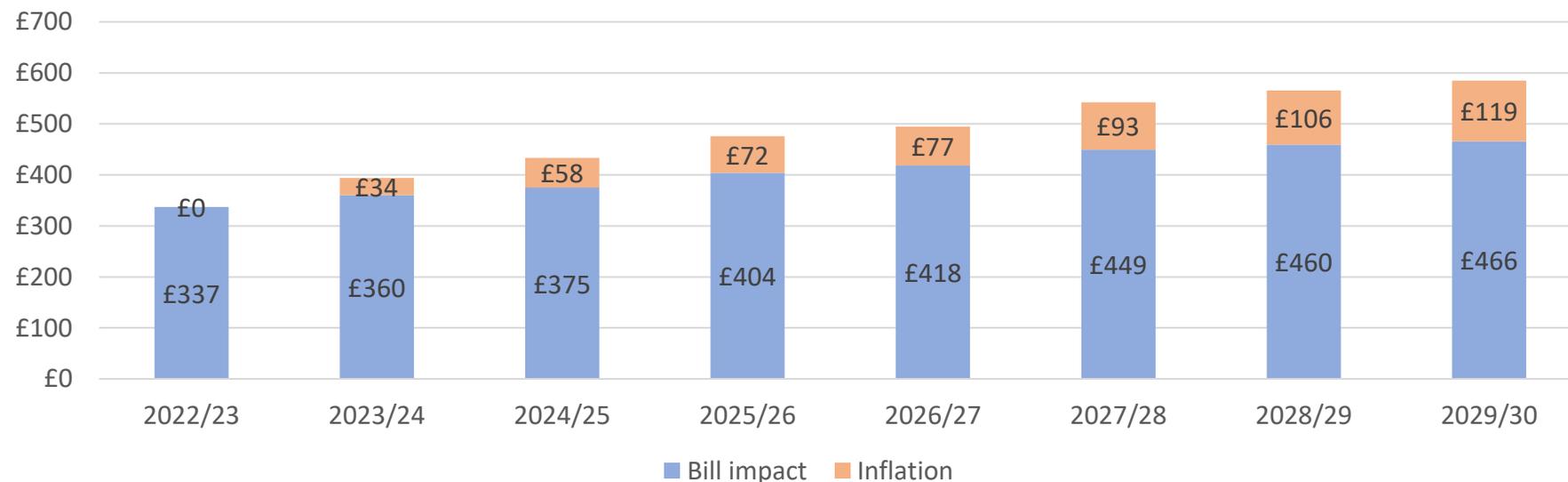
	Improve river water quality	Increasing resilience	Storm overflows
By 2030 we'll...	reduce the impact of nutrients and chemicals on around 1,000km of rivers.	have protected at-risk sites from coastal erosion and power outages to help improve the reliability of our services.	reduce storm overflow spills by 25%, prioritising environmentally sensitive areas like shellfish waters and 27 top spilling overflows.
We'll do this by...	upgrading our treatment works to meet new standards and working with partners to restore habitats, create new ones and prevent diffuse pollution from farms, industry and roads.	upgrading our sites to make them more resistant to extreme weather and work with partners to reduce the risks from coastal erosion and subsidence.	using innovative ways to reduce the amount of rainwater entering our sewers, installing more monitors to identify issues faster and building storage tanks for the long-term.
By 2050 we'll...	have restored all the chalk streams in our region and improved the quality of all the protected habitats and all waterbodies to be meeting good ecological status.	have greater protection from climate change, population growth and a smarter, more resilient network.	reduce spills from storm overflows by up to 75% and improve all bathing areas to excellent standard.

Our customers' other priorities

Overall impact on your annual bills

- The average combined water and wastewater bill **will increase** by **£151.55 per year by 2030** (vs 2024/25 when the plan starts).
 - £69.11 per year to meet the investment required by the regulators
 - £21.64 per year to meet the investments we propose over and above this
 - £60.80 per year of inflation

Future bill proposals and inflation from 2025-30



NB You will see a personalised bill prediction at the end of the session



Proposed business plan



THANK YOU FOR READING THIS INFORMATION. PLEASE ANSWER THE QUESTIONS IN THE LINK BELOW BEFORE COMING TO THE RESEARCH.

<https://forms.office.com/e/TXsKmHJd6Z>

(NB paper copy also available, please contact us if you require one)

WE LOOK FORWARD TO CHATTING WITH YOU IN THE RESEARCH SESSION.

Please have this document somewhere to hand during your research session



BLUE MARBLE