

During 2010-15, we aim to deliver the highest standards for the lowest charges

Our commitment to your services

Severn Trent Water's investment plans for 2010-15

Over the next five years we'll invest around £1.3 million a day to upgrade our assets and deliver the service improvements our customers have told us are important. As well as this substantial investment, our average household bills will be the lowest in England and Wales.

In 2009, like all the water companies in England and Wales, we produced a five-year business plan. We developed it through consultation with our customers to understand what was important to them. We also worked with our quality regulators to ensure we meet all of our statutory requirements.

Ofwat, our economic regulator, has reviewed our plan. We're committed to delivering it and the improvements our customers want to see.

Here's what you can expect from Severn Trent Water during 2010-15.



Tony Wray
Chief Executive

Our commitment at a glance:

→ Lower bills on average

Our average household bills (in today's prices) will be £13 lower in 2014-15. Our customers will start, and end, the five year period with the lowest average water bills of any water and waste water company in England and Wales.

→ Further investment

We're investing around £1.3 million a day in our services, ensuring we continue to deliver a safe, reliable supply of drinking water and effectively carry away and treat waste water.

→ A more efficient water company

We'll continually improve the way we work to help keep bills down. By 2015, our efficiency improvements will help save £8 from the average household bill.

→ A more sustainable impact on the environment

We're investing to ensure we have a sustainable impact on the water environment and are leading the sector with our renewable energy generation.



Understanding our customers' priorities: how we developed our plan

Our plan is a balanced package which aims to deliver the improvements our customers have told us are important, as well as ensuring we fulfil our responsibilities towards the natural environment. Here's how we developed it.

Keeping customers at the heart of our plan

To find out what improvements are really important to our customers, we used market research, including a major willingness to pay survey carried out in 2007. This survey allowed us to understand the value our customers place on improvements in each of our services. Our customers' priorities are at the heart of our plan.

Valuing your feedback

Our plan was developed in consultation with our regulators and stakeholders. We are grateful for the constructive contributions made by the Consumer Council for Water (CCWater), the Environment Agency, Natural England and the Drinking Water Inspectorate (DWI).

Looking to the longer term

Our commitments do not just focus on the next five years. Our 25-year Strategic Direction Statement (published in December 2007) sets out our longer term goals. Meeting our commitments during 2010-15 will move us nearer to achieving them. We'll also use 2010-15 as an opportunity to investigate and shape how we can do things even better in the next investment period.

→ You can read more about our long term plans on our website: www.stwater.co.uk

Our customers will receive the lowest average bills in England and Wales

Our plan has been reviewed by Ofwat as part of its 2009 price review for the industry. We've accepted Ofwat's 'final determination' and the limits it has set on the amount we can charge our customers over the next five years.

You can read more about Ofwat's price review on its website www.ofwat.gov.uk The table below sets out the expected effect of Ofwat's decisions on our average household charges. As this is an average and in today's prices it is important to remember that actual bills may well be higher (or lower) than this figure.



	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Average household bill <i>(Today's prices)</i>	£305	£304	£303	£301	£297	£292

As well as providing a £13 saving (in today's prices) on our average bill by 2015, we'll also improve our services in line with our customers' priorities.

These improvements will contribute towards the achievement of the Key Strategic Intentions we set out in our Strategic Direction Statement. They include:

- **Providing a continuous supply of water.**
- **Dealing effectively with waste water.**
- **Responding to our customers' needs.**
- **Minimising our carbon footprint.**

We explain more about these improvements in the following pages.

We've also challenged ourselves to do things better over the next five years. We'll continuously improve our processes to help keep bills down. By 2015, our efficiency improvements will save £8 from the average household bill.

We've challenged ourselves to do things better over the next five years



Providing a continuous supply of quality water

Our customers told us that ensuring a safe, reliable supply of water was their top priority. Over the next five years we're investing around £0.6 million a day in our water services.

Our key commitments for the next five years:

- **Increase the reliability** of services by protecting our assets from flooding and providing alternative supplies.
- Use our water resources **more sustainably** by reducing leakage.
- Promote **greater water efficiency** and metering with our customers.
- Sustain our **high levels** of drinking water quality.
- **Investigate** how we can reduce the need for expensive and carbon intensive treatment processes.

Over the next five years we'll continue to invest to maintain and upgrade our network of pipes and treatment works by:

Ensuring a reliable water supply

A major flooding event in Gloucestershire in 2007 highlighted the risk of our services being interrupted, and the impact on our customers when they are. Over the next five years we'll deliver flood defences at six treatment works. We'll also invest in our network, so that, in the event of a loss of supply for any reason, such as flooding or power loss, we can continue to provide a service to our customers.

Having enough water to meet demand

Increasing population and climate change are placing pressure on our water supplies. Over the next five years, we'll focus on making a more sustainable use of our existing water resources, and in particular, reducing leakage. By 2015, we'll save a further 43 mega litres a day.

Promoting water efficiency

Ensuring we have enough water to meet demand is not only about managing water supplies. There are also steps we can all take to make better use of our water and reduce demand. Using water more efficiently has wide ranging benefits including: reducing carbon emissions (because we treat and transport less water); reducing the strain placed on our finite water resources; and for customers who are charged on a water meter, lower bills. Over the next five years we'll continue to educate our customers about water efficiency, and offer the installation of water efficiency devices in their homes and premises. We'll also increase domestic customer metering by promoting free meters – we're expecting a take up of around 40,000 each year – and in some areas where our available supply is tighter, we'll run trials for compulsory metering.

Providing safe drinking water

Our customers already enjoy a high level of drinking water quality. Our compliance with drinking water standards has been over 99.9 per cent since 1997. We'll deliver 18 projects to improve water treatment and maintain pipes in order to sustain this performance.

Using water more efficiently has wide-ranging benefits

And looking to the longer term...

we're working with Natural England, the Environment Agency and other stakeholders on how we can use catchment management to improve raw water quality. Catchment management aims to control the level of pollutants, like nitrates and pesticides that enter our natural water sources from 'catchments' such as farmers' fields. Better raw water quality (in our rivers, reservoirs and aquifers) means fewer expensive and carbon intensive water treatment processes are required to meet drinking water quality standards. We're carrying out 47 investigations during 2010-11 to inform our approach in the next investment period.

← **We're expecting a take up of around 40,000 water meters each year**



→ You can pick up some useful tips about saving water and order free water saving devices on our website www.stwater.co.uk/savewater



Dealing effectively with waste water

Our customers told us they wanted to see reductions in sewer flooding. We agree this is a top priority. We also have a responsibility to help protect the natural environment. We're investing further to ensure that we treat our waste water, and return it to our region's rivers, in a way that has a sustainable impact on the water environment.

Over the next five years we'll invest around £0.7 million per day in our waste water services.

Our key commitments for the next five years:

- **Solve** 885 internal sewer flooding problems and 678 external sewer flooding problems.
- **Tackle** odour issues at 16 sewage treatment works across our region.
- **Reduce** the number of pollution incidents in our area.
- **Deliver** improvements to our treatment processes to ensure we make our contribution to improving the natural environment and comply with European Union standards.

Over the next five years we'll continue to maintain and upgrade our network of sewers and treatment works.

Reducing sewer flooding

When we asked our customers what improvements they wanted to see, reductions in sewer flooding was one of their top priorities. We share their view and believe sewer flooding is unacceptable. In our 25-year strategy, we've set out our aim to eradicate it.

Over the next five years we'll take important steps to achieving this. Our investment will mean we tackle 885 internal and 678 external sewer flooding problems. We'll also protect 525 properties and 250 external areas from sewer flooding until a permanent solution can be found.



We also have a responsibility to contribute to the protection of the natural environment in our region

Addressing odour problems

We're investing at 16 sewage treatment works across our region to address odour problems. We're targeting the most serious problems where odour is having a detrimental effect on those living close by.

Making our assets more resilient

We'll make our assets more resilient by protecting 31 sewage treatment works and 25 pumping stations against flooding.

Reducing pollution

We've performed well in terms of the number of serious pollution incidents that occur in our area, but we've more to do to prevent minor incidents. We'll increase our sewer cleansing to prevent blockages and install telemetry to reduce the number of pollution incidents by over 60 per year.

We're also asking our customers to help us prevent blockages. Every year we respond to thousands of blocked sewer incidents, which result from fats, oils and grease being put down drains and also other items such as cotton buds, sanitary products, nappies and baby wipes. We're running schemes, including the provision of free 'fat traps', to help our customers help us.

Environmental improvements

Not only do we want to meet our customers' priorities, but we also have a responsibility to contribute to the protection of the natural environment in our region. We've worked with the Environment Agency and Natural England to ensure we'll meet all of our existing and new legal requirements in a way that represents the best possible deal for our customers. European Union Directives have an important influence over where we target our investment. During 2010-15 we'll invest around £100,000 a day towards Directives including:

The Urban Waste Water

Treatment Directive to ensure that waste from urban and industrial areas is rigorously treated before it is returned to our rivers.

The Fresh Water Fish Directive

to improve our rivers and ensure they can sustain fish life.

The Water Framework Directive to improve the ecological status of the rivers and watercourses in the Severn and Humber river basin districts.

The Habitats Directive to ensure we play our part in protecting our region's plants, wildlife and natural habitats.

The Groundwater Directive to help protect groundwater from pollution.

And looking to the longer term...

in developing our plan we held constructive discussions with the Environment Agency and Natural England. We negotiated an environmental programme that allows us to meet all of our legal requirements, but only includes essential projects. This type of constructive joint working helps us ensure we fulfil our responsibilities towards the environment, whilst delivering value for money for our customers.

We want to encourage more of this type of discussion in time for our next investment period – particularly as important decisions are made about the next stages of implementing the Water Framework Directive.

Responding to our customers' needs

We'll improve our customer service, but without impacting on our customers' bills.

When we asked our customers what improvements they were willing to pay for in the next five years, extra investment in customer service was a low priority for them. We're committed to continuous improvement, however, and have identified a series of operational changes we can make to better respond to our customers' needs but without impacting on their bills.

Building on customer contact improvements

Since 2008, we've made significant improvements in the way we handle and respond to contact from our customers – both in writing and over the telephone. Through ongoing improvements in our processes, we'll sustain and build on these improvements.

Reducing operational failures

We don't want to give our customers cause to complain. We'll undertake more analysis to understand the underlying cause of customer complaints and take action to remedy them.

Supporting our customers

Bad debt, which impacts on all our customers' bills, is becoming a headline issue for the water industry. We'll provide more effective support to our customers with difficulty in paying with the aim of benefitting all our customers. Planned improvements include:

- **Further promotion of payment plan options such as the Water Direct scheme. This scheme allows us to help those who are in arrears with their water charges (and in receipt of benefits from the Department of Work and Pensions) by arranging for repayments to be deducted directly from their benefit payments.**
- **Help and support for customers' applications to the Severn Trent Trust Fund.**
- **More proactive debt prevention by better identifying our vulnerable customers and offering help earlier in the collection process.**

And looking to the longer term...

during the next five years, Ofwat, our economic regulator, will be introducing a new measure of companies' customer service performance, the Service Incentive Mechanism (SIM). The SIM, using customer satisfaction surveys, will assess the experience of customers who have contacted us and how satisfied they are. We want to be one of the best performers on this measure – we'll be responding where our service falls short of reasonable expectations in this period, and using the insight we gain to inform our future strategy.

Our key commitments for the next five years:

- **Sustain and build** on recent service improvements.
- **Minimise** the number of failures, both in our networks and customer service so that our customers don't have reason to complain.
- **Provide support** to those with genuine difficulty paying their bills.
- Further **tailor our service** to our customers' expectations.



Through ongoing improvements in our processes, we'll sustain and build on customer contact improvements

Minimising our carbon footprint

Minimising greenhouse gas emissions is a key issue for society. We're aiming to maintain our position as the industry's leading generator of renewable energy.

The water industry is responsible for about 5 million tonnes of greenhouse gas emissions every year (which is about 1% of national emissions). We can therefore make a contribution to reducing the UK's emissions. As most of Severn Trent's carbon footprint (78%) comes from our energy use, we're focusing our efforts on more efficient energy management and renewable energy generation.



Increasing renewable energy generation

Currently 17.5% of the energy we use is from renewable sources. We plan to increase this to 30% by the end of 2015.

Our expansion plans include:

- **Producing more from our existing combined heat and power plants.**
- **Generating power from wind turbines.**
- **Generating combined heat and power from energy crops.**

And by generating our own energy, we're lessening the impact that potential rises in energy prices would have had on our customers' bills.

Becoming more energy efficient

Our greenhouse gas emissions will remain virtually unchanged over the next five years, but only because our energy efficient measures will mitigate the impact of upward pressures on emissions from population growth and rising environmental standards.

Our key commitments for the next five years:

- **Increase** our renewable energy generation from 17.5% to 30% by 2015.
- **Greater energy efficiency** to mitigate upward pressures on our carbon emissions.
- **Forward looking** joint working with our regulators to find less energy intensive ways of meeting environmental standards.

Our energy efficiency measures include:

- **Reducing leakage.**
- **Real time pump optimisation and control.**
- **Relocating to new energy efficient offices in Coventry.**

We'll also be helping our customers make a contribution. By educating our customers about water efficiency, they can help reduce the amount of water we treat and distribute.

And looking to the longer term...

While we're becoming more energy efficient, many of the treatment processes we use to meet statutory environmental standards are energy intensive, driving up our emissions. We're working with the Environment Agency to trial more flexible ways of meeting these standards in the future.

We're focusing our efforts on more efficient energy management and renewable energy generation

Our commitment *to your services*

If you would like to know more about our investment plans for the next five years you can visit our website: www.stwater.co.uk
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