

SERVING OUR CUSTOMERS AND COMMUNITIES

Severn Trent
Business Plan 2020-2025



WONDERFUL ON TAP

SEVERN
TRENT

WELCOME TO OUR BUSINESS PLAN

Our core purpose is to serve our customers and communities. This drives our vision to be the most trusted water company, delivering an outstanding customer experience, best value service and environmental leadership.

This is our business plan for 2020-25. It sets out the improvements we're committing to deliver for our customers over that time, including how we'll keep bills lower. And it looks to the future of our service to 2045 and beyond.

Driven by our company purpose to serve our customers and communities, this is a plan that's not just about what we're going to do, but also how and why. And it's founded on the values that are led by our Board and lived by our people:

We put our customers first.

We're passionate about what we do.

We act with integrity.

We protect our environment.

We're inspired to create an awesome company.

This plan was submitted to Ofwat, our economic regulator on 3 September 2018 as part of the 2019 Price Review.

SERVING YOU AND YOUR COMMUNITY

Introducing our plan for our customers

Today, we all expect the companies that serve us to be a positive influence in our lives, and to benefit the society we live in. Being 'almost good enough' is, frankly, just not good enough - we'll only give our custom to the brands we trust.

While none of us have a choice about who provides our water - so we can't vote with our feet - customers quite rightly have very high expectations of water companies. At Severn Trent, we know we are uniquely privileged. We see the next five years as a critical opportunity to show how we're running a public service for the public good. And we're going to build on our long term track record and take service standards to new, ambitious levels.

We'll do this by:

- further reducing the service failures that irritate and inconvenience you;
- giving you the respect, attention and personalised service you deserve, particularly when things go wrong; and
- playing a much bigger role in your community.

And we're going to do all this while lowering bills and providing financial support to customers who still struggle to pay.

But is this good enough? We understand the scepticism about 'big business' and the role 'private' companies have in providing essential services like water. So we want to be a role model for private companies delivering a public service. We're going to show that we're a responsible organisation that does things for the right reasons – that makes balanced decisions for the long term and always considers you and your interests. A company that's more than a 'silent partner' in your life, we want to be a company that you'd positively choose to provide your water, if you had the choice.

Our goal is to be the most trusted water company by 2020 and every year thereafter. But trust has to be earned - it is given, not taken, and it has to be given by you, our customers.

What you told us

Good listeners make better decisions. So before we started writing a single word of our plan for 2020-25, we started by listening to what you think and want from us. We focused on having good *quality* conversations, rather than quantity, because we want to keep these conversations going in the future. Even so, more of you than ever before took part in our research - over 32,000 of you - and we looked again at 24,000 complaints we'd received, as well as taking on board criticisms made on social media. In brief, this is what we learnt:

You want bills that are no higher than absolutely necessary. Water is essential - and it must be affordable for all. At the same time, you're concerned that even the lowest bill can be too high for some people. So you want us to find new and better ways to help the 11% of our customers who told us that they might struggle to pay, and to understand that your personal circumstances may change from time to time.

You think that a reliable supply of clean water and an effective wastewater service are absolute non-negotiables, and you want us to keep improving in these areas. But it's also clear that we need to focus on other important aspects of service that haven't been high enough on our radar (because we hadn't always seen them from your perspective) - such as low pressure.

You don't want us to cut corners when it comes to looking after and improving water infrastructure – you want to know that your children and grandchildren will also have access to reliable water and wastewater services. And you want us to do everything we can to conserve water.

Like us, you know that we don't always get everything right. But while this frustrates you, what really upsets you is when we don't take responsibility for a problem, fail to fix it first time or don't give you the respect and care you deserve.

You expect us to do more for the towns, cities and villages where we all live and work. You value your local environment and rivers, so you want us to look after them properly. And you support our efforts to improve habitats on our sites, and to create more green spaces for you to enjoy.

You also understand the importance of us being financially sound and not carrying too much debt. A sense of fair play and transparency matters. So while you don't want us to pay excessive dividends, you agree that really good performance should be rewarded, as long as poor performance is penalised. And when we do perform well, you expect us to share the benefits with everybody, not just with shareholders.

So what are we going to do?

This is what you can expect from us over the next five years:

Affordability

Not content with having the lowest average bills in the country since 2010, we're now going to go even further to help your household finances by reducing bills by 5% (taking into account the Government's preferred measure of inflation) - that's more than double our 2015-20 plan on a like-for-like basis. So we'll keep delivering the lowest average bills in England.

Over the next five years our investors will be earning a lower return – so there'll be a drop in bills straight away in 2020/21. We're also committing to become more efficient – by around 13%. These efficiencies will help us to keep bills down in the following four years, as we deliver around £6.6bn of investment to maintain and improve services.

And we've also thought carefully about when is the right time to deliver these savings – for customers today or for customers in the future? We asked some of you in research, and 88% supported the balance we've struck.

Supporting those in need

We already help almost 36,000 people per year who are struggling to pay their bills with our social tariff. But we know that even more people need support. We're going to almost triple the number of customers benefiting from our social tariff, which you helped us design. We're also introducing more options, like payment breaks, because some of you told us your money worries were temporary, and you just needed some breathing space to get back on track. We'll be making this much easier for you by proactively contacting you and making the process easier. In total, we'll be helping 47% more customers.

Some of you have circumstances that can make you more vulnerable if there's an issue with our service, or mean that you find it difficult to contact us. You told us you don't want to be treated differently, just as a valued customer like any other, and given a service that meets your needs. So we not only designed our service with our customers, but also with the help of experts like St John's Ambulance and Guide Dogs for the Blind. We'll keep working with them and others to identify those of you who may benefit from a more tailored service – ideally before you even ask.

A better service

The last few years have seen us make some solid improvements in the service we provide. For example, your wastewater services are amongst the best standard and value in our industry. We consistently score in the top two on the Environment Agency's assessments, and since 2015, customers have experienced 6,000 fewer sewer flooding incidents. But we want to set the bar even higher. So we're targeting another 8% reduction in all forms of sewer flooding and a 17% reduction in pollutions in the next five years.

In some areas we haven't performed as well. We know the frustrations some of you felt with our water service during the extreme freeze and rapid thaw weather conditions in late February and early March 2018. Some customers didn't receive the service they rightly expect, so we're reviewing where we invest in our infrastructure, how we make sure any disruption to you is minimised if something does go wrong, and in the case of very cold weather, how we can better help you to protect your pipes.

We're targeting real improvements in other areas too, so that we give you a water service that's one of the best in the industry. We're committing to a 48% improvement in managing drinking water quality risks, 5% fewer complaints about the appearance of drinking water, and we're making a new commitment to resolve 95% of low pressure complaints first time (because previous measures we used weren't quite getting to the root of your issue). And we'll keep reducing interruptions to your supply, so that we're in the top 25% of all the water and wastewater companies.

We're also going to do more of the things that can lift your day a little. Showing that we really do care can make a real difference – you want a service that's human and receptive, especially if we've got something wrong. We'll do our very best to sort your problem out - compensating you if appropriate - and learn lessons from it. We've already extended our non-emergency contact hours to 24/7, just like our operational contact centre, so you can contact us about anything, at any time.

Investing for the long term

We're planning ahead so that the generations to come can rely on us. In our last plan, we were given the go ahead to safeguard the next 100 years of water supply to Birmingham with a major infrastructure scheme - and while we don't have any projects of this magnitude planned over the next five years, we're going to continue investing in our strategic grid to improve the ability of our water supplies to cope with shocks and strains - like the extreme weather we experienced in February and March 2018.

We need to safeguard the future of the water environment and make sure that when we draw water from it, we're not putting it at risk. And we know that we need to prepare for population growth and uncertainty from climate change. To meet these challenges and protect our water for future generations, we're committing to reduce leakage by 15% - our biggest ever reduction in a five year period. We know that many of you want to help too, so we're aiming to triple the rate at which we install water meters and do even more to encourage everyone to use water more efficiently.

And where there's uncertainty about how climate change could impact us, we'll only share the costs of any investment with you once we know that it's needed.

So how are we going to deliver?

How (and why) we deliver is just as important as what we'll deliver. We'll hold fast to our values of putting you first, acting with integrity, protecting our environment, and creating an awesome company for our people... by supporting our culture and our commitment to diversity and inclusion for all... and by using our skills to build relationships which provide practical benefits to our communities.

For example, we've created a culture that encourages all of our people to think of each day as an opportunity to do something better. Many of our best ideas come from our people - helping to improve our service and keep our costs down. Our most ambitious goals will depend on brilliant ideas. So in the case of leakage, we're already using satellites and trialling robots to detect leaks in pipes.

Being innovative also means looking at how we can work with others to improve our services. So we've started to trial trading sludge, explore trading water and going out to the market to seek creative proposals to increase the availability of raw water in the East Midlands. And we're playing our part in the nationwide picture by working with others to look at how an interconnecting pipe could move water from the North West to customers in the South East.

Playing a bigger part in society

We want to show the difference that we can make to the communities we all call 'home'.

Almost a third of the UK's social mobility 'coldspots' are in our region. While we already focus our apprenticeships and graduate schemes in these areas, we're going to change our recruitment practices so that everybody in our region is aware of the fantastic career opportunities we offer. We're also going to put £10m of our own money into a technical academy that will not only bolster our own engineering skills - it will help to underpin the skills of the Midlands as a whole, and also be a place where other water experts, such as local authorities and smaller water companies, can come together to share expertise.

We'll do our bit to help make where you live greener. Over the next five years, we'll improve up to 2,100km of rivers, taking the total since 2015 to 3,600km - more than half of the rivers in your region. Working with other organisations like the Wildlife Trusts, we're going to encourage local communities to help us improve biodiversity in areas covering the equivalent of 1,500 football pitches. Where we're working to fix sewer flooding, we're going to take the opportunity where we can to create new green spaces to enjoy – adding up to £600,000 of new natural capital. And volunteering by our own people will keep playing an important role too. Over the last year, 40% of us have volunteered our time to clean up around 40km of riverbank.

Some of the problems our communities face can't be solved by us alone, like complicated flooding issues that need different organisations to work together to fix. We've great experience of working in partnership and we're going to keep working with local authorities, the Environment Agency and local communities to tackle these tough issues.

We're making sure we provide as much support to your children and grandchildren as we do to you. We want to inspire a generation to change their water use, so we're taking an innovative roadshow into primary school playgrounds across our region. We'll also promote the benefits of hydration and spark their interest in a career with us in the future. At the same time, we're helping almost 500 schools in our region to find and tackle issues with lead in their pipework.

And throughout all this, we'll make sure we keep you really informed, because when you do hear a little bit more about what we do, you're usually positive about it and want to know more. So, we'll tell you about how your money is spent, how you're making a contribution to your community, how your service compares to others and how you can get more out of it. One of the first examples of this commitment in action is that this summer, for the first time in over a decade, we've used TV adverts to promote how we can all use water wisely.

Being a responsible company

Who owns water companies and how they're financed has been a hot topic lately. While many of you don't worry about it, others are uncomfortable with the idea of a private company providing a public service. But what you all have in common is the desire for things to be fair and transparent.

As one of the country's 100 largest companies listed on the London Stock Exchange, we have a responsibility to identify and implement best practice, and to be a role model for others. For example, we're helping set the standard for our sector regarding transparency and fairness on a range of topical issues such as executive pay and financing, as well as on the taxes and dividends we pay. And we know the importance of explaining how we've reached the decisions that we've made, and how we've considered your interests.

Explaining how our finances work and how we've calculated dividends in everyday language can be difficult. So to keep things simple, we've established a set of principles, and every year we'll keep you informed about how we've followed them.

Sharing the benefits with everybody

When we deliver better performance to you than we promised, we're rewarded financially. We're going to carry on sharing those benefits between our customers and our business - just as we have done in the last five years for example we chose to reinvest £220m of our cost savings into areas such as water quality, security, improving the health of our assets, innovating for the future and supporting vulnerable customers.

We're also going to continue linking the bonuses of everyone in our business directly to the performance we achieve for you. This isn't a one-sided deal - if we don't deliver what we've promised, we give money back to you.

From 2020/21 onwards, we're going to do even more to serve our communities by creating a new community dividend. Comprising employee volunteering time, donations to the Severn Trent Trust Fund and 1% of our profits (which could amount to £2.5m a year), this package will help our most vulnerable customers, enhance the environment and make a real difference to communities. We'll be establishing an advisory board – that will include representatives from customers - to guide where best to spend the money and also obtain match funding from other bodies.

Our plan - responsible, challenging but can be done

We believe we've created a responsible, challenging but achievable plan that will set the benchmark for how a privately owned company can deliver public good, not just in the water sector but across UK industry in general. But the last word should be yours. You gave our plan an 85% acceptability rating – we now need to deliver it.



AN OVERVIEW OF OUR PLAN

AN OVERVIEW OF OUR PLAN		
1.	A message from our Chief Executive Liv Garfield sets out the background and the opportunity.	08
2.	Confidence at Board level and beyond Our Board members explain why they're confident that our plan will deliver the right outcomes.	10
3.	Who we are and where we serve About our company and our geographic region.	14
4.	A plan that puts people and society first A summary of how we created our plan and what it will deliver in 2020-25.	16

No matter who they are or what they do, our customers' days always start in the same way - with water. At Severn Trent, our days start and end with making sure we provide those customers with a water service of the highest possible quality.

In a series of workshops in 2015, I met with all our people personally so as to take a moment to stop and think about why we all come to work - to provide an essential public service - and who we do it for, namely our customers and communities. Together, we united under a very simple purpose: 'to serve'.

In this plan we've challenged ourselves to get right to the heart of what it really means to serve. So yes, we're pushing the benchmark for our sector in areas where we have a strong track record, like sewer flooding, and yes, we're committing to becoming amongst the very best in the industry in areas where we've not been as good, like managing drinking water quality risks. And we'll offer our biggest bill reduction in two decades.

But we also know that this isn't enough. Serving our customers and communities isn't a right, it's a privilege that we have to earn every single day. And our customers want to know we do the right things for the right reasons - they want to be confident that their interests are at the forefront of everything we do.

I personally believe that one of the most important things we can do is ready our future customers to be active participants in their water service. With our new schools programme, we're building a legacy to inspire an entire generation ... taking our roadshows into their playgrounds to encourage children to think differently about water - and I'd love it if they persuaded their families to do so as well! But our commitment to our communities doesn't end there. We wanted to do more. So while we already share our success with customers, we're now going

to do something more by giving 1% of our profits to community projects that can really make a difference for our customers.

It's important to point out that this plan hasn't been created in the Severn Trent boardroom. It's been built collaboratively with our customers and through constructive challenge by the Water Forum. On behalf of the Board I want to thank everyone who took part, including Water Forum members, for their time, expertise and commitment - they've dedicated a huge amount of personal energy to help us create a better plan for our customers.

Finally, while this plan is ambitious, I'm confident that it's also practical and doable. We can deliver it because doing the right thing for our customers and communities - and doing it really well - is precisely what motivates and drives us. In September 2018, I'll be meeting personally with all our people managers across three days to discuss our plan and inspire our teams to deliver it.

Liv Garfield

Liv Garfield
Chief Executive



From boardroom to treatment works and from the engineers on the front line to the people who answer customer phone calls in the middle of the night, this plan will be delivered by the entire Severn Trent team. But ultimate accountability for its quality rests with our Board.

Board statement

We want this plan to create a new benchmark for a private company delivering a public service. As a Board, we're collectively responsible for making sure that the values of our organisation recognise our privileged role as a supplier of an essential public service. This business plan is the cornerstone of everything Severn Trent will do over the next five years and beyond, so it's important that it too is underpinned by these values – put simply, 'doing the right thing'.

High quality business planning, strengthened by Board engagement

In planning our submission over the last two years, we have been collectively, individually and actively engaged in the development of our plan, having taken part in customer research events, attending our customer challenge group (the Water Forum) meetings, Ofwat Non-Executive Director events and our own employee forum (the Company Forum); and reviewed, challenged and shaped the elements of the plan and specific risk areas regularly at our Board meetings and Committees. In addition, our two executive Board members, the Chief Executive Officer and the Chief Financial Officer have overseen the day to day development of the plan through their executive function.

"One of the things I am most pleased about is the continuous development of our plan; thoughtfully taking account of the careful balance of the needs of all our stakeholders in delivering a public service for the public good. As a Board we have carefully considered our social purpose when making our choices and trade-offs. It is also clear that the openness, transparency and the commitment of the executive to our strategic purpose and plan provide a strong foundation for its successful delivery."

(Andrew Duff)

Our Board and customer engagement programme, combined with the completion of our assurance programme described below, has enabled us to provide high quality challenge, ownership of the overall strategy and provided the direction of the plan in the long term. Through this highly engaged approach, we are satisfied that the chapters of our plan add up to an overall robust and deliverable plan that is of the highest quality - underpinned

by a data assurance framework and governance processes designed to deliver high-quality data.

Our business plan will deliver operational, financial, corporate and reputational resilience over the next control period and the long term, through our well established, robust and independently assured governance and assurance processes. We know resilience goes beyond traditional risk management, and we take a holistic, systems level view of our business resilience and operating environment.

"It's great to see the significant progress made, guided by the Corporate Responsibility Committee, to ensure our social and environmental values are embedded within our decision making at all levels – including our supply chain. The executive team has worked hard to gain our key suppliers' commitment to comply with those same values - not an easy task from my previous executive experience but a very worthwhile one!"

(Dominique Reiniche)

Our resilience approach starts with a solid understanding of shocks, stresses and risk - we have a long established Enterprise Risk Management system for assessing and managing significant risks which we review as a Board regularly and at least half-yearly.

"One of the things I've been most pleased to see embedded in our approach over the last few years, and being driven into our culture going forward, is our focus on operational resilience and innovation to optimise the efficiency of our operations. The transformational change we are proposing will be a key benefit to our customers not only to improve the services we provide, but also to be on the forefront of readiness for new markets."

(Angela Strank)

The customer voice in decision making

Our aim has been to create the most ambitious but achievable plan we could for our customers, building on our strong track record of delivery since our last plan. We did not believe we could achieve this without gaining a deeper understanding of our customers' thinking and then making sure that we acted on that insight - our customers' voice, in our decision making.

We've overseen our most in-depth customer engagement programme ever to create this plan, as well as the ongoing tracking and reviewing of customer feedback and sentiment. In addition to the established engagement with our regulators, investors, customers, our communities and other political, societal and environmental stakeholders to create this plan, our targeted research with over 32,000 customers - including willingness to pay and deliberative research on strategic investment areas, has had a major influence on the development of this plan. Our research has also helped us develop a better understanding of how we can provide more help to customers who are struggling to pay their bills. Many of us have attended these sessions to hear from our customers first hand. And to ensure that our customers' views have been accurately represented, we engaged specialist external independent assurers to verify our insights.

"The role we play in our customers' lives is vital. Whilst our customers may not always think about the water they consume every day – we do. Being able to take part in one of our customer co-creation sessions has provided me with first-hand experience of the things that matter to our customers and has provided me, and the rest of the Board, a useful basis upon which to guide our future plans and strategy in line with their wishes, not least through keeping the lowest possible bills and helping to provide an affordable bill for all."

(Kevin Beeston)

It is also important to us that our plan promotes our customers' trust and confidence through high levels of transparency and customer engagement on issues such as our corporate and financial structures; so our customer engagement included surveys and focus groups on how we share the benefits of outperformance with our customers and communities, as well as topics such as renationalisation, company ownership and the fair balance of charges between current and future generations of customers. Sharing knowledge of our approach to funding investment and balancing charges over time helps engender trust that we will behave in our customers' interests.

"Over the last year or so public sentiment on water services has been highly visible. Our focus on doing the right thing is something I am proud of, as is our continued focus over the last decade or so to build and maintain a company with strong viability and a balanced long-term financing plan. The depth of scenario planning and financial risk management I've seen through both the Board and the Treasury Committee has provided me with the confidence to argue for our long-term viability statement to be extended to cover the next seven years, and to support the overall financeability of our plan."

(Philip Remnant)

We worked constructively with the Water Forum as our plan developed and the Forum has spoken to us plainly if it felt we needed to better respond to our customers' voice.

"I have been impressed by the strength of the Water Forum process throughout the creation of this plan, particularly over the last year. The quality of the forum's experts and members generally has been impressive and very effective in challenging the Board and management on delivering stretching targets and appropriately balancing these against company rewards, as such fully justifying the 'Customer Challenge Group' name. Seeing first-hand the depth of engagement in the development has provided a good basis for my confidence in signing our Board 'assurance statement' to Ofwat."

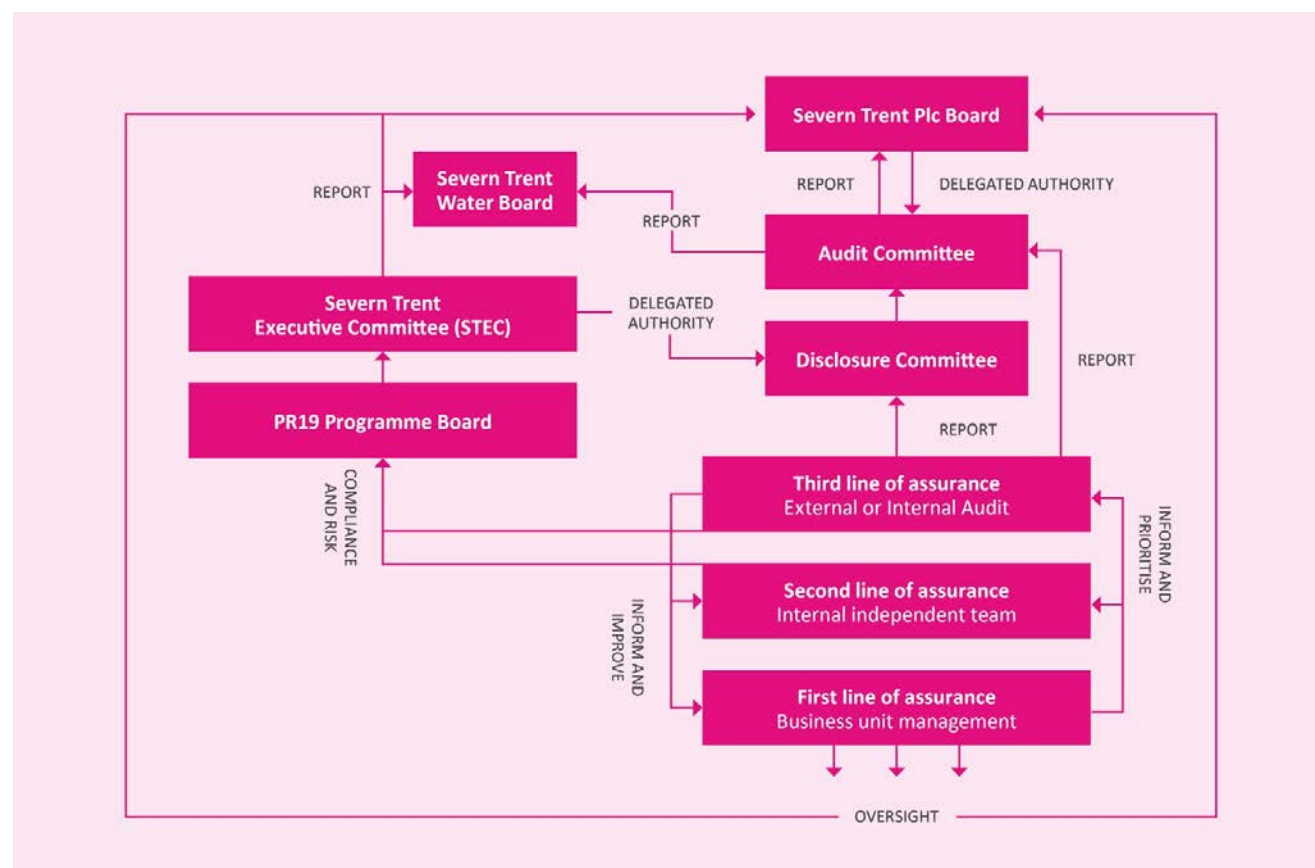
(Dominique Reiniche)

High quality and ambitious commitments, underpinned by robust assurance

Our approach to assurance is the result of our work over the past decade to build what we believe to be best-in-class governance and a robust assurance framework that is used for all of our performance reporting – be that our financial statutory reports or our many regulatory submissions – to ensure we are transparent, honest and open with our customers, and our regulators who hold us to account.

To support our own independent challenge, using our collective broad knowledge and expertise, we engaged an independent external specialist, PwC, to develop a bespoke risk-based approach to our PR19 plan assurance - building on our already established assurance framework¹ which is summarised in the following diagram:

¹ <https://www.stwater.co.uk/content/dam/stw/regulatory-library/STW-Assurance-Summary-2018-final-signed.pdf>



We approved our PR19 plan assurance framework - built from the Ofwat methodology building blocks – in July 2017 and asked our Audit Committee to oversee its rigorous implementation over the last year or so, including to review and approve amendments following the publication of Ofwat’s final methodology in December 2017. We determined the areas of greatest risk by using a number of factors including materiality in terms of operational, financial and customer impact. The framework provides comprehensive coverage from both bottom-up and top-down analysis, and for areas that were assessed as medium or high risk, we appointed independent third line assurance providers to validate our proposals and associated data, including all the data tables. Among others, this included comprehensive challenge and support from Jacobs, the international management, technical and engineering group.

Our framework was managed by our internal Strategy and Regulation team. Regular updates were scrutinised by our Audit and Disclosure Committees, prior to us reviewing the findings at our Board, in line with our established best-practice governance. Further details of how our assurance approach was developed and will continue to develop and adapt to meet evolving future needs, can be found in the ‘Securing trust, confidence and assurance’ chapter of our main plan.

Following the completion of the total assurance process, prior to finalising our PR19 plan for submission, our Internal Audit team performed a further check, as programmed: an independent review to confirm to the Audit Committee and the Board that

all aspects of the pre-agreed assurance programme had been fully and satisfactorily completed.

“The early design of such a comprehensive assurance programme, and the rigour and discipline of its execution by both the internal teams and our panel of external assurers as the PR19 plan progressed, over the last year or so, has been hugely reassuring to the Board as to the plan’s quality and robustness.”

(John Coghlan)

Having approved the assurance framework, reviewed the assurance findings and management’s response, and considered the Water Forum challenge, we have collectively satisfied ourselves that the assurance undertaken demonstrates that our business plan:

- Has been informed by customer engagement and by feedback from the Water Forum about the quality of that customer engagement and how this has been incorporated into our plan.
- Is affordable for our customers including in the long term, and includes appropriate assistance for those struggling or at risk of struggling to pay.

- Can deliver our outcomes, performance commitments and outcome delivery incentives (ODIs), and we will continue to monitor delivery of them through our well established governance approach.
- Outcomes, performance commitments and ODIs reflect customer preferences and are stretching.
- Is supported by a proposed approach to reporting on our performance commitments, ODIs and projections of outcomes that is robust and transparent.
- Has been informed by a robust and systematic assessment of the resilience of the company’s systems and services.
- Has been informed by customers’ views about managing resilience.
- Has been informed by a comprehensive and objective assessment of interventions to manage resilience in customers’ long-term interests.
- Is built on expenditure forecasts which have been produced using a robust and efficient process.

- Contains large investment proposals that are robust and deliverable, that a proper assessment of options has taken place, and that the options proposed are the best ones for our customers.
- Is financeable on both the notional and actual capital structure and that the plan protects customer interests in both the short and the long term.

Having taken account of and applied learnings from our track record of performance, we have reviewed the conclusions expressed in the plan, collectively identified the risks associated with its delivery, and are satisfied that the risk mitigation and management plans in place are appropriate to protect our customers and meet our statutory and licence obligations now and in the future – taking account of both the UK and where relevant, Welsh Government’s strategic policy statements.

Signed:



Andrew Duff
Andrew Duff
Non-Executive Chairman
Chairman of the Nominations Committee



Olivia Garfield
Olivia Garfield
Chief Executive



John Coghlan
John Coghlan
Independent Non-Executive Director
Chairman of the Audit and Treasury Committees



Dame Angela Strank
Dame Angela Strank
Independent Non-Executive Director
Chairman of the Corporate Responsibility Committee



James Bowling
James Bowling
Chief Financial Officer



Kevin Beeston
Kevin Beeston
Senior Independent Non-Executive Director



the Hon. Philip Remnant
the Hon. Philip Remnant
Independent Non-Executive Director
Chairman of the Remuneration Committee



Dominique Reiniche
Dominique Reiniche
Independent Non-Executive Director

We're privileged to serve over 8 million people and businesses in an area stretching across the heart of the UK, from the Bristol Channel to the Humber, and from the West to the East Midlands.

Serving a diverse region

We serve a rich mix of customers of different cultures, interests and experiences. Our region includes some of the most affluent areas of the country as well as some of the most deprived. We have more urban conurbations than any other water company, yet we also serve predominantly rural counties. So while our region is home to manufacturing, space technology and teaching excellence, it's also where you'll find the National Forest... in short, it's characterised by and draws its strength from its diversity. We provide a service for everyone, and always aim to do something more for our region than just water and wastewater services.



£21bn

invested since 1990

5,750

employees

Working in, and for, the environment

We take our name from the two main rivers, the Severn and the Trent, which run through our region - two of the three biggest rivers in the UK. To us, the health of rivers represents the health of the whole landscape and the communities that they exist alongside.

From abstracting raw water to returning safely treated wastewater, everything we do is intrinsically linked to rivers and other water bodies in our region. So we work hard to play our part in protecting them. That includes collaborating with stakeholders to help manage their catchments, and 40% of us volunteered time in order to clean up 40 kilometres of riverbank.

19,500km²

area served

6,800km

rivers in our region

Welcoming new customers

This is our first business plan since our region's boundaries were changed. On 1 July 2018, we re-aligned our boundaries with the other regulated water company within the Severn Trent group, Hafren Dyfrdwy in Wales, and welcomed new water customers from Chester (while saying goodbye to water and wastewater customers in Powys). This business plan, including our customer engagement and the baseline we've used for our costs and performance commitments, reflects these changes.

Working closely with the Water Forum

water forum

While our plan has been co-developed with customers, we've also collaborated closely with the Water Forum, our customer challenge group. The Water Forum's remit is to rigorously challenge the quality of our customer engagement, and our response to it - so the Forum has been instrumental in the development of this plan.

The Forum's chair, Gill Barr, has extensive executive level experience at leading retailers. Working with existing members from our regulators including the Environment Agency and Natural England, and the statutory customer representative, CCWater, she has created a dedicated group that balances a wide range of expertise (customer research, social responsibility, climate change and investment appraisal), with extensive knowledge of our customers, the environment and our region.

The Forum has had unprecedented access to our operations and our Board. It has constructively challenged us over two years - with four subgroups focusing on the most material areas of our plan for customers - and we're confident we have a better plan for our customers because of it.



You can read the Water Forum's independent views on our plan in a separate report at: stwater.co.uk/waterforum

A FTSE company providing an essential public service

Severn Trent Water Limited is part of the Severn Trent Plc group. Listed on the London Stock Exchange, we're committed to upholding the highest standards of governance. We believe in transparent reporting about our performance and decision making that considers the interests of all our stakeholders.



You can find out more about our structure and governance at: severntrent.com

A pathfinding social purpose company

We believe that if we're united by a clear social purpose we'll deliver better outcomes for all our stakeholders - our customers, our people, our investors, the society we live in and the environment that we depend on.

In 2015 we worked to better define our purpose and the reason we all come to work. We tried lots of different ideas and definitions, but when we talked to our people, and when we really got right to the heart of what we do, we agreed that our core purpose is to serve our customers and communities. This simple, unconstrained approach captures the spirit that our service, and *how* we deliver it, has far-reaching potential to benefit others.

Since 2015 we've made other changes to reinforce our purpose. We've embedded the values that we all expect of each other, introduced a new approach to employee volunteering, integrated corporate social responsibility into our annual report and accounts, and we've welcomed new non-executive directors - Dominique Reiniche and Kevin Beeston - who bring a wider wealth of experience to our Board.

This year (2018/19) we began a new initiative with the Purposeful Company Taskforce, becoming a pathfinder social purpose company. We're grateful for the advice, encouragement and support of the steering group of the Purposeful Company Taskforce. As a pathfinder social purpose company, we've set ourselves a high ambition, and the steering group's support is invaluable as we continue on our journey with this plan.

We believe this is our most ambitious and innovative plan ever - and not just because it promises better service and lower bills.

Firstly, it's a plan based on understanding our customers better than ever before. Our plan has been created with our customers - it includes new commitments that get right to the heart of their needs, and it seeks to deliver much more for customers and the communities they live in.

Secondly, we're ambitious in terms of how we'll deliver these commitments. We've built this plan in line with the cost parameters that Ofwat, our regulator, believes an efficient company should operate within and in response to the cost benchmarking we carried out within our sector, and outside it. This assurance, together with lower returns for our investors, means we can deliver lower bills. But, at the same time, adhering to the cost parameters also places much more onus on us to be innovative in every sense, including making the best possible use of markets.

Most of all, this is a plan with a purpose – to serve. And we've thought hard about what 'to serve' means in the context of a private company delivering a public service. We don't just want to be satisfactory in this respect - we want to be the benchmark for water companies specifically as well as for UK industry as a whole.

In this section we explain:

- where our plan started – with people;
- what we learned;
- how our purpose drives our plan;
- how we're keeping bills lower; and
- the improvements we'll deliver, by outcome.



Through the most in-depth programme of customer engagement we've ever carried out, we first worked to understand what's really important to our customers in their day-to-day lives. We wanted to understand them as people first - and then we built our plan as a direct response to their needs. This 'outside-in' approach truly puts our customers at the heart of all we do.

We've deliberately focused on the quality of our engagement, not the quantity. We wanted to really understand our customers, to uncover new insight that would help us create new value for them, and to make a fundamental change in how we engage with our customers that sets a new standard for what we do in the future. This meant trying new approaches, building a cumulative picture of customer needs and embracing challenge from our Water Forum. We made this step change in the quality, breadth and depth of our engagement by:

Starting with what's important in our customers' lives

By starting with a person as an individual - not just as a customer – we've better understood the broad needs and motivations that drive choices and opinions.

Choosing insight tools from our customers' perspective

From pinpointing customers' everyday experiences to holding discussions around issues they'd never previously thought about, we've used different tools to make sure we get the very best insight from our customers. And we haven't shied away from asking the difficult questions – from their views on intergenerational fairness to those on renationalisation – in order to uncover meaningful insight.

Sampling that reflects the diversity of our region

We've embraced the rich mix of ages, experiences, faiths, cultures and interests that our region enjoys. And for the first time, we've proactively re-engaged the 'non-responders' - those who initially didn't take part in research – by finding an alternative method that worked better for them.

Learning something from our customers every day

Every contact from our customers is an opportunity to learn more about them. We've reviewed 24,000 complaints, analysed 1.9m contacts and asked the 5,000+ people who have a totally unique perspective – our employees.

Creating a plan based on customer value

The incentives in our plan reflect the value that customers place on service improvements. Using different approaches, which we designed to be much simpler to take part in, we've gained a rich picture of our customers' priorities and what they value.

Keeping the dialogue going

Our engagement model is designed to expand naturally over time. For example, our online community panel of 15,000 customers is enabling us to maintain and keep building a culture of 'asking our customers first' before we make changes to their day-to-day service.



What we learned

Our customers expect many different things from us - and not all of their needs are equal. These range from functional needs, such as the services they rely on every day, to how we make them feel as our customers - as well as the wider fulfilment they gain from knowing they're buying a service from a responsible company that works hard to do the right thing. So we created our insight programme to follow the concept of a 'hierarchy of needs'.

These are the four things we heard very clearly from our customers, supported by their own words.



And all of this should be just as true for future generations as customers today – it should not be achieved at the expense of either - and at a price that is affordable for all.

4.2 A PLAN WITH PURPOSE

We believe that companies with a clear societal purpose deliver better social, environmental and economic outcomes over the long-term. Our purpose is 'to serve'. We've built our plan to be consistent with that purpose and with our values - and to highlight the potential as well as the responsibilities that a private company has in delivering a public service.

Our purpose drives our plan in seven ways:

- 1. Better service**
We're pushing our industry's benchmark in areas where we perform well with an 8% reduction in all forms of sewer flooding and a 17% reduction in pollutions. And in areas where we haven't performed as well, we're targeting improvements to make our service one of the best in the industry, including a 48% improvement in managing drinking water quality risks and 5% fewer complaints about the appearance of drinking water.
- 2. Created together and delivered in partnership**
From inspiring a generation of primary school students to change their water use, to working with flood risk authorities on community resilience, our plan has been co-created with our customers and uses collaboration to tackle shared issues.
- 3. For today, tomorrow and future generations**
We're balancing the needs of customers today with those of generations to come. We're investing £135m in creating more resilient infrastructure and £540m towards safeguarding our natural environment. We've adopted a robust and sustainable approach to financing which doesn't overburden us with debt, but does allow us to fairly spread the cost of investment. And where there's uncertainty about the need for future investment, we'll carry the risk ourselves. This means that customers' bills will only be impacted once an investment is proven to be needed.
- 4. Creating not depleting**
We're not only aiming to make the best use of all our resources – such as our people, experience, networks, assets, finance and natural resources – but also to add value to them wherever and whenever we can.

For example, we're generating more natural capital by increasing biodiversity and creating new green spaces as we manage flood risks. And we're investing in our people and region with a £10m technical academy.

- 5. Embracing markets and driving innovation**
Through our activities in direct procurement, bioresources and water trading, we're embracing markets where they'll deliver benefits for customers – and committing to bold incentives and transparent reporting where they won't yet do so. And we're investing in innovation in its widest sense – from the incremental changes that make a difference to our customers every day to the game changers that fundamentally transform what we do.
- 6. Doing the right thing**
Having the right behaviours and making the right decisions for the right reasons can make all the difference. There's a common thread of continuing culture change throughout our plan and we've introduced a new outcome – a company you can trust – which captures the degree to which we consider the interests of all our stakeholders in our decisions.
- 7. Sharing success**
We believe that when everybody shares in success, we'll all be united in making it happen. Our plan continues our commitment to sharing the benefits of outperformance with our customers, our people who helped to deliver it, and the people who invested in us. In this five-year planning period we're reinvesting £220m of outperformance in our services.

And we want to do something more, so we've created a community dividend. Comprising employee volunteering time, donations to the Severn Trent Trust Fund and 1% of our profits (which could amount to £2.5m a year), this package will help our most vulnerable customers, enhance the environment and make a real difference to communities. We'll be establishing an advisory board – that will include representatives from customers – to guide where best to spend the money and also obtain match funding from other bodies.

4.3 A PLAN THAT OFFERS BETTER VALUE

During 2020-25 we're going to deliver our biggest bill reduction for two decades. How have we been able to do this? By working hard with our customers to get the balance right... striving to become more efficient while lowering investor returns... and increasing the proportion of our revenue that relies on performance, so that while excellent performance is rewarded, poor performance is also penalised.

Lower bills through to 2025

By 2025 our bills will be 5% lower than 2020 – based on the new measure of inflation we're using (CPIH) and taking into account the potential for rewards and penalties (which in turn depends on the performance we deliver for our customers). That's more than double the reduction on a like-for-like basis with our last plan.

Average household bills in today's prices (2017/18)



A lower return for our investors and greater efficiency

We'll be keeping bills lower, while spending around £6.6bn in maintaining and improving service. We can do this because:

- our investors will be earning a lower return – reducing from 3.7% to 2.4% - which will create an immediate drop in bills in the first year; and
- we're becoming more efficient – by around 13% overall (before real price effects) – and we'll time these savings carefully with our investment in improving service to help smooth bills in the following four years.

We've also thought carefully about how we share these benefits between the bills of customers today, and those of customers in the future. We asked our customers what they thought about our longer term approach, and then tested our proposals – 88% of those we asked supported our approach. In addition to this we asked what customers thought of our plan for the next five years overall and 85% of customers found our plan acceptable.

£6.6bn

expenditure on maintaining and improving service

13%

efficiency on wholesale costs

85%

customer acceptability rating

4.4 DELIVERING WHAT CUSTOMERS AND SOCIETY WANT

Our plan focuses on nine outcomes that we've designed to meet the needs of our customers and wider society. While these have a long term perspective and look 25 years ahead, the next five years will see real progress - driven by the performance commitments that are designed to hold us to account to our customers.

We've summarised our nine outcomes across the following pages. As a set, they broadly – although not exactly – follow the concept of the hierarchy of needs. So at the base of the hierarchy sit outcomes that show how we're working to make a difference to the most fundamental aspects of what we do: providing a safe, wholesome supply of water. But we've started our plan with bills – a totemic issue for all customers.

We've used quotes from customers, our people and other stakeholders in our communities to bring each of our outcomes to life - demonstrating how our plan has been created from their perspectives and underlining the collaborative way in which we'll deliver the plan.





“

We're starting the next five years as we mean to finish – with the lowest bills

”

To keep bills as low as possible, we're relentless in our pursuit of efficiency and treat every day as an opportunity to innovate - just like the winners of our 2016 employee innovation competition. Their idea for using drones to inspect our most inaccessible assets has helped to keep our people safer, and saved our customers £0.75m in just one year.

THE LOWEST POSSIBLE BILLS

We're always searching for efficiencies and opportunities to innovate to keep bills as low as possible.

We want our bills to be affordable for all. At a time when the economic outlook for many of our customers is uncertain, we need to do everything we can to keep our bills as low as possible.

We'll do this without compromising on standards of service or the investment in infrastructure that will continue to meet customer needs tomorrow and beyond.

By 2025:

Ending the five year period as we began it – with the **lowest combined household bills in England**.

Doing more to ensure **all customers pay their fair share** by tackling bad debt and pursuing occupiers that have fallen off our radar, but are receiving services.

Helping our customers **understand the value of water** by making them aware of how their bill is spent, the contribution they're making to improve our region's environment and communities, and the support they're helping to fund for those struggling to pay.

Introducing a **new capital procurement model** that innovatively shares risks with our supply chain, allows more flexibility for us to innovate and adapt - and ultimately delivers better value for money.

Making the most of **water trading and the bioresources market**, maintaining our focus on and financial commitment to **innovation, and embracing incentives** that return money to customers if we don't deliver.

Fostering a **culture** that understands that every pound spent is our customers' money, and every day is an opportunity for us to innovate and deliver better outcomes.

Achieving efficiencies responsibly, maintaining our commitment to paying suppliers on time, our zero tolerance to modern slavery, and a supply chain that signs up to the same values as all our employees.

 **5%**

REDUCTION IN BILLS
(OR MORE THAN DOUBLE OUR 2015-2020 PLAN
ON A LIKE-FOR-LIKE BASIS)

£327 

AVERAGE BILL IN 2025 (2017/18 PRICES)

((4,531))

UNDER THE RADAR 'VOID' OR 'GAP'
PROPERTIES THAT DON'T CURRENTLY PAY
WATER BILLS PURSUED FOR PAYMENT



“

From field to tap, we're playing our part to protect your product

”

We're transforming our water production line. The 2,000 farmers we've recruited so far to our catchment management programme are helping us make sure that every link in the chain is focused on consistently high standards. By 2025, we're aiming for there to be 4,000 farmers helping to protect our raw water supplies by changing their agricultural practices.

GOOD TO DRINK

Our water is consistently safe, clean and good to drink.

Providing a safe supply of water for our customers to enjoy every day is at the very heart of what we do. It's our customers' greatest need from us, and our biggest responsibility.

We've been working to transform our service over the last five years - and while we've made some great improvements, there's more to do in the coming five years. We're investing to create

a resilient, adaptive service that keeps public health at its heart, and delivers extra benefits for the environment too.

And where our past service hasn't been as good as that provided by other water companies, using comparable measures, we're committing to a step change in performance - so that we're one of the best in the next five years.

By 2025:

Improving how we manage risks to customers' supplies, achieving **higher compliance** with the industry's new risk-focused measure.

Doing more to **meet our customers' expectations of the taste and appearance of their water**. While these issues can be aesthetic rather than safety related, they still cause dissatisfaction - so it's important that we do more to stop them.

Expanding our **industry-leading approach to catchment management** by working with a further 2,000 farmers to change agricultural practices and **protect our raw water sources** from pesticides and other chemicals. This solution is better for our natural environment and saves customers money by avoiding the need to invest in extra treatment at our works today.

Providing more **support to address lead pipes** - starting with helping schools and nurseries in our region locate any lead pipes on their premises.

Continuing to invest in **skills development**, building a regional workforce that's not only passionate about our product but also **recognised for technical excellence**.

48%

IMPROVEMENT IN THE INDUSTRY'S NEW RISK INDEX FOR DRINKING WATER QUALITY

5%


REDUCTION IN DRINKING WATER QUALITY COMPLAINTS

16 schemes

WORKING WITH FARMERS TO PROTECT WATER SOURCES

500 schools

HELPED TO TACKLE LEAD PIPES ON THEIR PREMISES



“ I can never have a shower while the washing machine's on ”

When we took a different approach to listening to our customers, we learned something new about low water pressure. Our innovative approach to research has given us a valuable new perspective. Low pressure isn't the only example - across our service we're going to do more to fix the small irritations that make a big difference to our customers' days.

WATER ALWAYS THERE

Our customers can rely on water to start their day, and throughout their day, every day. And we work together to make sure it stays that way for future generations.

Water is a limited resource - so we all need to manage it well in the face of climate change impacts, changes in the way we live, an increasing population, and our responsibility to safeguard the environment.

Over the next 25 years, if we're to protect our water environment from damage, we'll need to address our biggest ever gap between the supply and demand for water. Using an adaptive approach that allows for future uncertainty, we're going to make ambitious

leakage reductions, champion water efficiency, exploit the opportunities provided by water trading, and make the best possible use of our environmentally sustainable sources of supply.

To keep our water flowing to our customers' homes every day, we're working hard to better understand risks by looking at all our assets as a single ecosystem - this will enable us to target investment so that our most versatile assets can help others if they have a problem.

By 2025:

Bringing forward our 2040 ambition to **reduce leakage by 15%** to 2025 – securing an unprecedented five-year reduction for us.

Using a **systematic approach to improve resilience** to long term outages by investing in our main water transfer system – the strategic grid.

Fixing the small changes in **pressure** that can have a big impact on our customers' days by resolving more complaints first time.

Protecting our customers from the uncertain impacts of climate change by **creating a 'real options mechanism'** that allows us to keep bills low and make sure we only invest when the time is right.

Inspiring our customers to **reduce their water use by encouraging behavioural change** and trebling the number of meters we install compared to today.

Exploring **water trading options** and using the new option of **direct procurement for customers** to incentivise the development of innovative solutions towards our supply and demand challenge.

Playing **our part in the bigger picture** by working with United Utilities and Thames Water towards an **interconnector** to take water from the North West to the water scarce South East.

15%

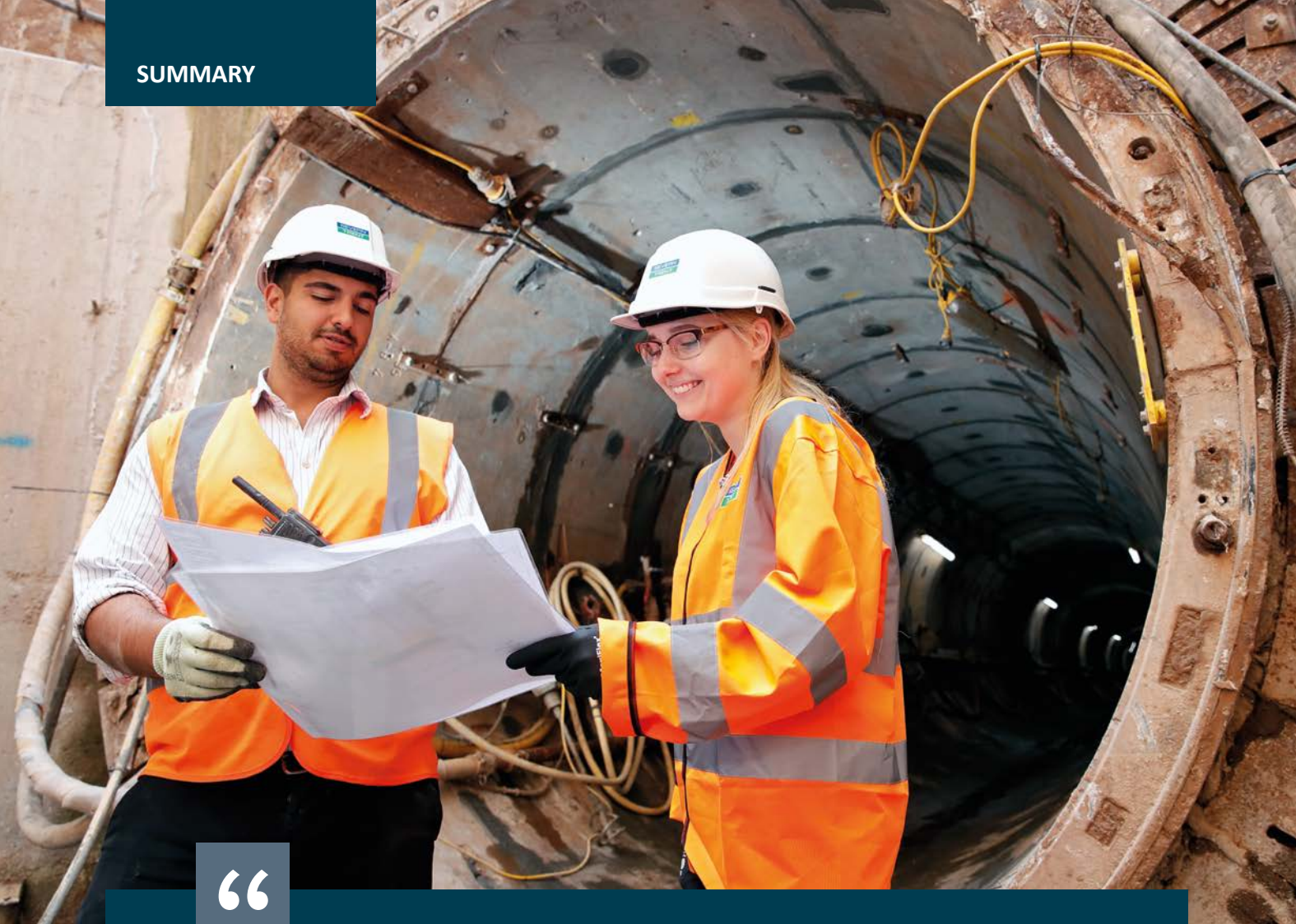
REDUCTION IN LEAKAGE

96% ^{24h}

CUSTOMERS' SUPPLIES RESTORED
WITHIN 24 HOURS

1st Time 95%

PRESSURE COMPLAINTS RESOLVED FIRST TIME



“The people of Newark didn’t care whose responsibility it was, they just wanted it sorted”

With multiple organisations responsible for different types of flooding, sometimes one organisation fixing their issue isn’t enough. Just like our work with the flood forum in Newark, we’ll take a leading role with other flood authorities to deliver a coordinated response that prioritises people, not roles and responsibilities.

WASTEWATER SAFELY TAKEN AWAY

We safely take wastewater away, ready to be made clean again.

Our sewers provide a vital service - but if there's a problem it can lead to inconvenience to our customers and, at worst, could mean that their home is flooded with sewage or their local environment is polluted.

We never want our sewers to create an issue for our customers - so we focus on how we can all use the wastewater system for the good of local communities and the environment.

By 2025:

Keeping up our momentum by pushing forward the industry benchmark on **external sewer flooding**.

Using information on our **communities’ vulnerability to flood risk** (their personal, social and environmental circumstances) to help **prioritise improvements**.

Looking after and **enhancing the community spaces** that our customers enjoy by tackling sewer flooding in public areas, and by looking to create new green spaces when we put in new drainage schemes to reduce flood risk.

Creating a **more resilient region** by taking a leadership role in **collaborative schemes** with other flood risk organisations on flooding issues that can't be solved in isolation.

Learning from our successes with commercial customers to **build even stronger relationships** with our household customers - for example, by continuing to **encourage behavioural change** to stop sewer misuse, prevent blockages and reduce pollution incidents.

Deploying **innovative new solutions** like bio-augmentation to prevent the build-up of fatbergs, delivering higher standards and ideas to share with our wider industry.

8% 

REDUCTION IN ALL TYPES OF SEWER FLOODING

£0.6m 

NEW NATURAL CAPITAL CREATED WITH GREEN COMMUNITIES SCHEMES

 360

PROPERTIES OR AREAS HELPED THROUGH COLLABORATIVE FLOOD RESILIENCE

 17% 

FEWER POLLUTION INCIDENTS



“

A company that helps you
before you need to ask

”

With our new ‘Matching Plus’ scheme, we’ll give our struggling customers a fresh start by paying off their arrears with them, step-by-step. And because it can be hard to see money troubles coming, we’ll be smarter about how we use data, looking for the warning signs and offering our customers support before their debt builds up.

A SERVICE FOR EVERYONE

Everyone can access our service and enjoy its benefits, no matter what their circumstances.

Like our customers, we think that water should be affordable for all. And while we work to keep our bills as low as possible for all our customers, we know that for some the issue of affordability is more acute. We therefore want to do what we can – with the support of all our customers – to take away the worry for those in genuinely difficult financial circumstances.

We also believe water should be accessible for all. For some of our customers, their circumstances can make them more vulnerable if there's a problem. Others may even struggle to access our service in the first place. So we aspire to design a service that works for every single person in our region.

By 2025:

Providing more support, with the help of our wider customer base, for the **11% of customers who tell us they currently find their water bills unaffordable**.

Improving our existing support options based on customer feedback, maintaining our commitment to providing **meaningful support with a social tariff** that makes a genuine difference, and offering **new options** - including match funding and payment breaks - that better reflect the diverse circumstances in which our customers struggle with their bills.

Understanding that few of us may think of ourselves as vulnerable, and that our vulnerability may be transient - we’ll do more using expert third parties, community groups and responsible data sharing to **identify those customers who may need a more tailored service**.

Creating **communication and support options that better respond to customers’ specific needs** - ensuring they’re included and feel empowered but not unnecessarily differentiated.

Tailoring our service to ensure we can better respond to our customers’ individual circumstances and what could trigger an issue for them – including during a water supply incident.

Reinforcing a **culture** that treats every customer as an individual and creating **vulnerability experts** in our field teams better equipped to meet our customers’ needs.

↑ **x2.8**

INCREASE IN NUMBER OF CUSTOMERS
BENEFITTING FROM OUR SOCIAL TARIFF

47% 👍

INCREASE IN CUSTOMERS HELPED
BY ALL OUR SUPPORT OPTIONS

📄 **100%**

OF CUSTOMERS WHO REGISTER WITH US
HAVE THEIR NEEDS MET IN AN INCIDENT

“

We work the nightshift too

”

Sometimes our customers just want to talk to a real human being. We were the first water company to offer a 24/7 service for non-emergencies, so our customers can talk to us in the middle of the night if that works best for them. But if they find it easier to drop us a line, we offer eight other ways to contact us. And no matter what their preference, we always want our customers to receive a service that's human, receptive and seamless.

AN OUTSTANDING EXPERIENCE

We consistently exceed our customers' expectations and deliver an outstanding experience.

For our household customers

Our business is all about the customer experience. Everything we do, every day, ultimately contributes to our customers' experience of us. We want that experience to exceed expectations. So by focusing on the quality of service we offer,

how we make our customers feel, and keeping our costs to serve sharp, we'll strive to deliver an experience that's human, receptive and seamless.

By 2025:

Creating an **insight driven service** using predictive technologies, interaction analytics and behavioural analytics to understand our customers and pre-empt their needs better than ever before.

Continuing to drive a '**customer first**' culture throughout our organisation – understanding that how we behave can make a real difference for our customers.

Engaging our customers with a **personalised, multi-channel service** and **better information** about the choices available to them.

For developers and customers wanting to connect to our network

Every year, we connect around 20,000 new properties and install and adopt around 100km of new water and wastewater pipes. Whether we're working with an individual with a self-build, a national homebuilder constructing a new housing estate

or a farmer wanting a connection for a new cattle trough, we want to make sure that we support their build schedule and that the process is as simple and as cost effective as possible.

By 2025:

Developing our current approach of **tailored service offerings**, based on the diverse customer base we serve.

Enhancing **contact availability, channel choice and new technologies** that help to ensure that our work passes the quality test first time, every time.

Continuing to develop **innovative new tariffs** like our current infrastructure discount scheme which encourages the building of sustainable, water efficient homes.

TOP 25%

ON OUR INDUSTRY'S NEW
CUSTOMER EXPERIENCE MEASURE

TOP 25%

ON OUR INDUSTRY'S NEW
DEVELOPER EXPERIENCE MEASURE



“

There's no such thing as 'surplus to requirements'. We're giving old operational land a new lease of life

”

Because we've invested to make our treatment processes more efficient, we're freeing up land across our estates that we can put to new uses in our communities. At our Wolston works in Warwickshire, we're working with the neighbouring Wildlife Trust on how we can create a wildlife haven across land that we no longer use.

A THRIVING ENVIRONMENT

We safeguard the natural resources we use, and we work to improve the rivers and habitats that provide them.

Our customers value the natural environment and want to ensure it's protected - for their wellbeing and that of future generations. We're committed to improving rivers and habitats so that they can support a greater diversity of wildlife and plants, and to creating a better environment for the recreational activities that our customers enjoy.

We'll do more to make the true value of the environment become part of our everyday decision making. And we're aspiring to transform our treatment works so that they don't just make wastewater safe again, but also to strip out every bit of value from it – including biogas for renewable energy, phosphate for resale and sludge fertilizer for agriculture - in the most energy efficient way possible.

By 2025:

Building on our Environment Agency 4* status for environmental protection by investing to **improve the ecology of up to 2,100km of rivers** in our region (including a mechanism to protect customers from uncertainty) and provide solutions that also **support the wellbeing of communities downstream** by helping protect habitats and improve river flow through public amenity areas and visitor attractions.

Enriching the biodiversity of our region by changing how we manage our estates, working in partnership with expert organisations - like Wildlife Trusts and Moors for the Future, and using spare operational land and our customers' passion for the environment to engage communities with projects to create new habitats.

Creating a circular economy by investing in anaerobic sewage treatment - including a demonstration works, part funded by the Horizon 2020 innovation fund – to test if we can transform traditional resource-intensive sewage treatment works into low-energy biorefineries.

Embracing the opportunities of new markets – by recycling sludge from wastewater more efficiently than our neighbouring companies (or working with others if they're more efficient than we are) in order to make sure that biosolids trading is both good for our customers and our sector's customers.

2,100km

RIVERS IMPROVED

1,090ha

HABITATS IMPROVED

100%

COMPLIANCE WITH DISCHARGE STANDARDS INTO RIVERS

100%

COMPLIANCE WITH BIOSOLIDS RECYCLING STANDARDS



“

We're putting a water expert in every home

”

Our most innovative schools programme yet will bring a virtual world of water straight into the playgrounds of primary schools across our region. We're inspiring a new generation of customers to completely change how they think of, relate to and use water (and pester their families to change too).

A POSITIVE DIFFERENCE

While we focus on providing a consistent, reliable and affordable service to our customers, we also know that our ability to positively impact our communities extends much further.

Being a large company doesn't mean we can't have a local focus. In fact, it's precisely because we're a large company that we have a whole host of resources we can use to make a positive difference. And because of the unique nature of what we do – a service that literally flows right through communities – we have lots of opportunities to do so.

We'll use the resources we have in the broadest sense of the word – our people, our knowledge, our land and networks – to make the sort of changes right across our value chain that will add up to a bigger difference for our communities.

By 2025:

Aspiring to reach every primary school in our region with an innovative mobile **education programme** that visits playgrounds and immerses students in a world that reinforces the value of water, responsible sewer use and the importance of hydration for health.

Changing how we use our resources to deliver wider societal and environmental benefits – reflected in a suite of eight performance commitments across our outcomes.

Investing in our people – £10m investment in a **new academy**, a **centre of excellence** that will help us create a **more resilient regional workforce**, and a training programme that we'll share with smaller water companies that don't have the resources to create their own.

Adopting initiatives to help people progress their careers. With over **30% of the UK's social mobility 'coldspots'** in our region, we'll be using open employee recruitment practices, structured work experience for people from disadvantaged backgrounds, and partnerships with schools and colleges to provide coaching and careers advice that make a difference.

Connecting people in our region to water, helping them **enjoy biodiversity and appreciate the health benefits of the outdoors** by improving the offer at our main visitor sites.

155,250

INDIVIDUALS COMMIT TO CHANGE THEIR WATER USE BEHAVIOUR

TOP 20

COMPANY ON THE UK'S SOCIAL MOBILITY INDEX

4 million

VISITORS TO OUR RESERVOIRS EACH YEAR



“

Because it's something more for our communities, because it motivates our people, because we think it's the right thing to do

”

We already share our successes with customers, but we want to do something more for the communities where we all live. So we're committing to give 1% of our profits to community projects – part of a community dividend that we think can make a big difference.

A COMPANY YOU CAN TRUST

Because delivering a better service and lower bills isn't enough.

While our customers expect a high quality service from us, this alone isn't enough to earn their trust - and nor should it be. We must prove to our customers that we're a company that does the

right things, for the right reasons and that their interests are always at the forefront of what we do.

Every day:

A Board who is accountable for the **purpose, culture and values** of our company, and makes its decisions by them.

A team of people who come to work totally **motivated to serve our customers and communities**, not to make profits, and to live by our values to do the right thing.

Corporate reporting that goes **further than the new UK Corporate Governance Code**, with **greater focus on our customer, community and social impact**, as well as our financial performance.

Continued **transparent reporting on executive pay**, with the publication of an annual remuneration report and a reward scheme that focuses more on customer service, health and safety and personal objectives about performance, than profitability.

A **dividend policy** that understands that shareholder returns should be transparent, promote us exceeding our commitments to customers, support sustainable financing (gearing) and are fair and balanced – so that **everyone shares in success**.

Greater communication with our customers so that they know all the things we do and we all share in the wonder of water on tap.

A new **community dividend** comprising employee volunteering, donations to the Severn Trent Trust Fund and from 2020/21, **1% of profits going towards water focused community projects** and overseen by an advisory board.

1%

PROFIT TOWARDS A COMMUNITY DIVIDEND FROM 2020/21

2 days

VOLUNTEERING PER EMPLOYEE PER YEAR

3:1

RATIO OF INDEPENDENT TO EXECUTIVE BOARD MEMBERS

This is a summary excerpt from our full business plan for 2020-25.
You can see the full plan on our website at www.stwater.co.uk



Severn Trent Water

Registered office:
Severn Trent Centre
2 St John's Street
Coventry
CV1 2LZ

Tel: 02477 715000
www.stwater.co.uk

Registered in England and Wales
Registration number: 02366686