



# Our Long-Term Priorities

June 2022

from  
**Southern Water**<sup>®</sup>  


# Welcome from our Chair

**Our vision is to create a resilient water future for our customer in the South East. We now want to share what this means and what we're planning to achieve by 2050.**

We set out our strategy at the last five-year price review in 2019, and it is now time to refresh it. You'll see that we're consulting on our long-term plans for providing water and wastewater services, and what our priorities should be in the medium term to 2030.

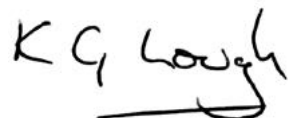
We have come to think and work in a much more integrated way within our business, recognising the clear links between the ways we all live and work and the costs and impacts on people and the environment: we simply must use less, recycle more and take more care over all that enters our rivers and coasts. Your feedback will help us to shape both our plans for the next five to 10 years, but also how we deliver on the broader long-term ambitions outlined in this document.

The challenges we face in doing this are real when we consider the impacts of climate change and rapid population growth in our region. Warmer temperatures, drier summers and increased demand, together with more extremes of weather will put additional pressure on our existing infrastructure. This means we need to think differently about how we can deliver water for life – to enhance health and wellbeing, protect and improve our environment and sustain local economies.

We're also operating in a rapidly changing society that has become used to automation, data analytics and artificial intelligence. The expectation is that we take advantage of technology to transform our performance and improve our services, and we must respond. The way we deliver water and wastewater services to our customers by 2050 is going to look very different. We've arrived at the long-term priorities and enablers in this document by regularly talking to our customers, regulators, employees and investors.

So that we can continue to supply high-quality drinking water and efficient wastewater services, and make a positive impact on our communities and the environment, we need your help.

Please share your views at [southernwater.co.uk/HaveYourSay](https://southernwater.co.uk/HaveYourSay) or email us at [PR24@southernwater.co.uk](mailto:PR24@southernwater.co.uk).



Keith Lough, Chair

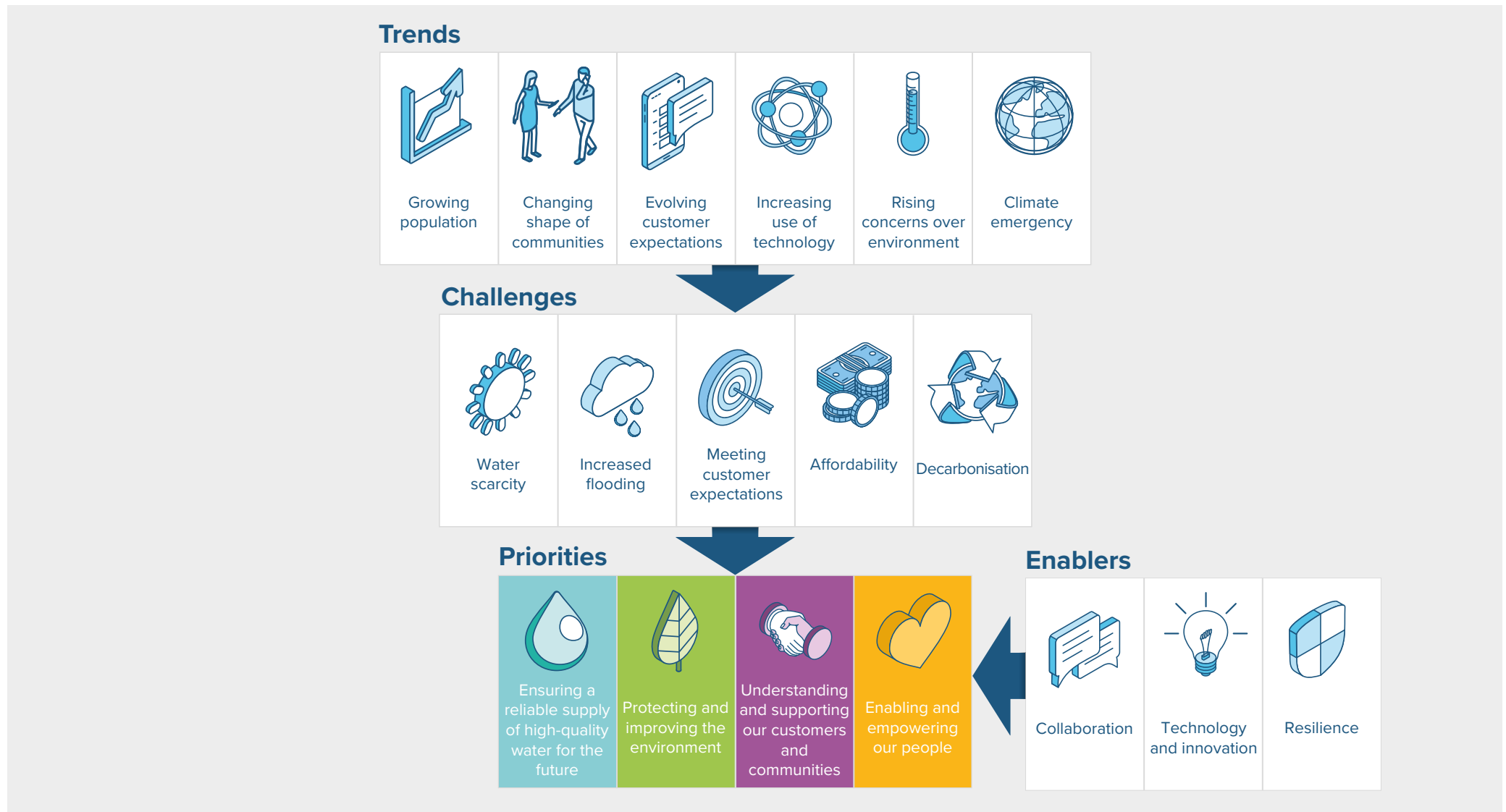


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# Our priorities at a glance



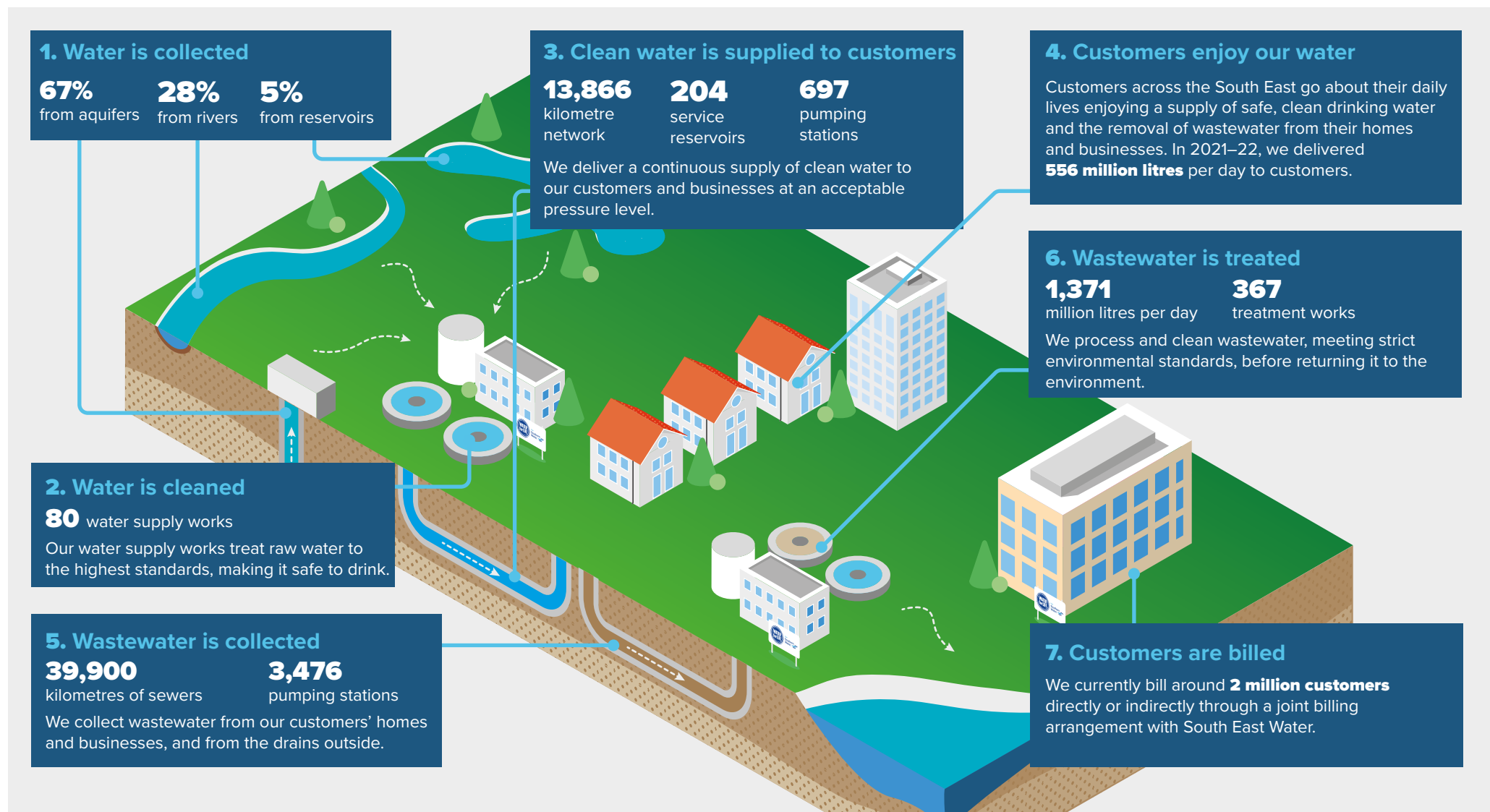
# Where we supply water and wastewater services

## In summary

- Southern Water is the largest water and wastewater company in the South East.
- Our vision is to create a resilient water future for our customers.
- Our long-term priorities address challenges and opportunities in the face of rapidly changing external conditions and trends.
- We supply 556 million litres of water a day to 2.6 million customers living at 1.1 million properties.
- We remove and recycle 1,371 million litres of wastewater a day from 4.6m customers living at 2 million properties.
- We directly employ over 2,000 people and many more through our supply chain.



# What we do



# How this document fits with our consultations

In 2017, Southern Water published *Water Futures in the South East: Towards 2050*, an independent report outlining the unprecedented change, challenges and opportunities facing our already water-stressed region. You can see it [here](#).

We've updated this work to identify what has changed in the last five years and how the trends and challenges have altered. We've included new approaches to addressing risks and concerns regarding the environment, new trends in society and opportunities that come from new and emerging technologies.

We regularly carry out activities where we listen to a diverse mix of customers and stakeholders. We have used these insights to ensure we are well informed about what our stakeholders expect from us and what is important in their lives.

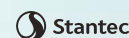
Using the insights gained from looking closely at current and emerging trends and our listening activities, we've carried out a review of our strategy. This has allowed us to update our strategy to better reflect challenges happening today and expected tomorrow.

This document sets out a refreshed set of long-term priorities (see pages **14** to **23**). We are still collecting feedback on our strategy. If you would like to contribute please go to page **24** and #HaveYourSay.

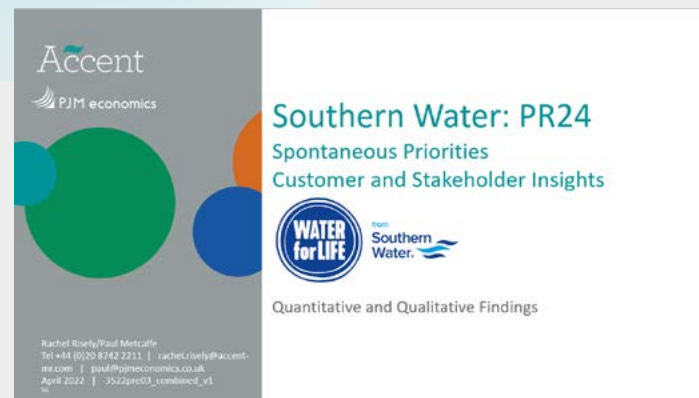
Our final long-term priorities will be informed by some of the consultations we are running, including our long-term plans to supply water and improve the drainage in our region. You can read more about them on page **24**.



*Water Futures in the South East: Towards 2050*, outlined the unprecedented change, challenges and opportunities facing our already water-stressed region.



*Customer Views on SW Priorities May '22*, includes an overview of feedback we've heard from a large base of customers on their priorities and focus for Southern Water moving forward.



# The trends we see

## Growing population

**Population growth will continue placing more pressure on limited resources.**

- The UK's population has grown by 8.7m people in 20 years.
- By 2050, the population in the South East is predicted to grow by another 19%-25%.
- Increased housing development and reduced open spaces will require new water solutions.
- Greater demand for agricultural production.

## Changing shape of communities

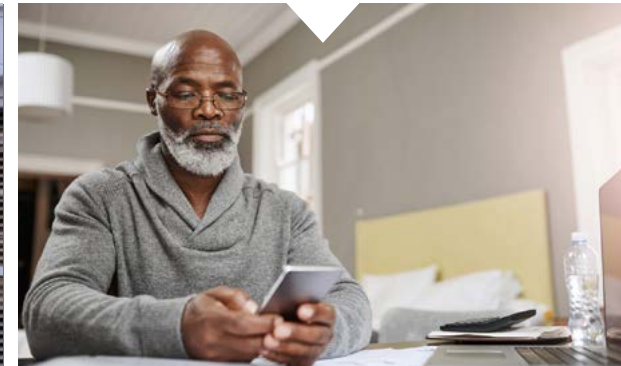
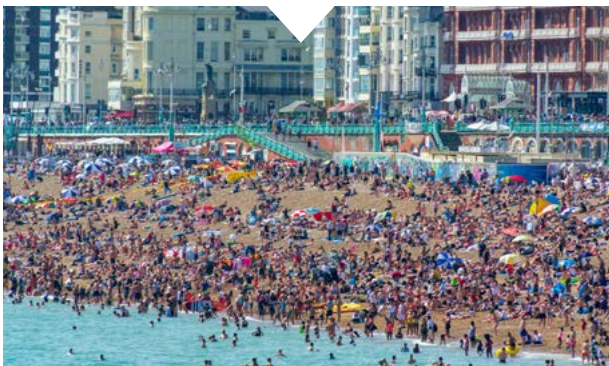
**Communities are adapting due to demographics and societal changes.**

- People are increasingly focused on health and wellbeing.
- More people are living alone.
- The average age of the population is predicted to be over 65 by 2050.
- Increasing mobility means that nearly 3 million households move each year.
- Hybrid working increases demand for local services.

## Evolving customer expectations

**Customer expectations are evolving with technology and greater access to information.**

- Increasing expectations on speed of service from other sectors such as Amazon and Uber.
- Increasing demand for real-time data that improves their lifestyle and finances.
- An expectation of 100% availability from their utility providers with lower tolerance of failure.
- A desire for personalised services tailored to customers' needs.





# The trends we see

## Increasing use of technology

**Big data, artificial intelligence (AI) and machine learning are all becoming increasingly common.**

- Growing ability to unlock valuable insights from data.
- Data becoming increasingly open to all – customers, stakeholders and government.
- Increasing automation to simplify and speed up processes.
- Using AI to learn and adapt to changing environments.

## Rising concerns about the environment

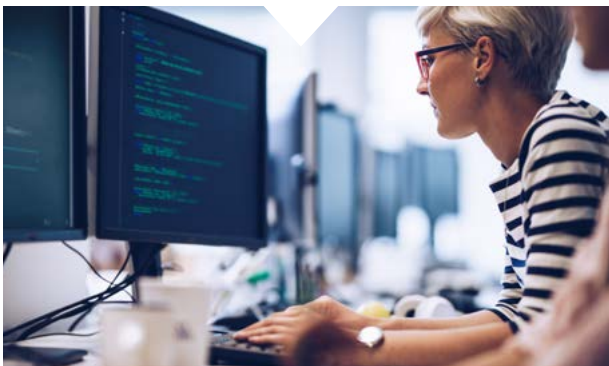
**Peoples' demand to protect the environment is driving change in government priorities.**

- Social media rapidly exposing environmental harm.
- Pollutions no longer acceptable.
- Rare and fragile chalk streams under threat.
- Storm overflow systems no longer acceptable to communities.
- Open-water swimming increasing in popularity.

## Climate emergency

**Climate change is impacting our environment and the way we operate our water and wastewater services.**

- Urgent need to reduce carbon emissions.
- Forecasts for more extreme weather, warmer land, air and sea, polar ice melting, changes in ocean currents.
- Seasonal storms increasing in intensity and hyper-locality.
- Biodiversity reducing.



# The challenges we face

## Water scarcity

- Need to protect against more extreme droughts.
- Pressure to reduce drinking water taken from rivers, especially chalk streams and the ground.
- Need to develop new water sources that are acceptable to customers, such as recycling.
- Need to reliably provide water to growing communities.

## Increased flooding

- Coastal flooding will increase with higher sea levels.
- Local flooding is likely with heavier storm rainfall.
- Increased coastal erosion will impact existing homes.

## Meeting customer expectations

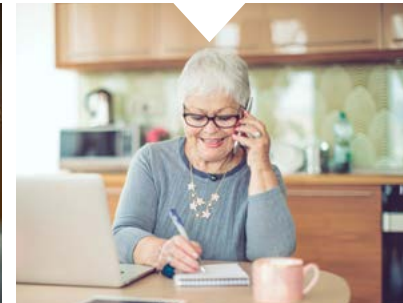
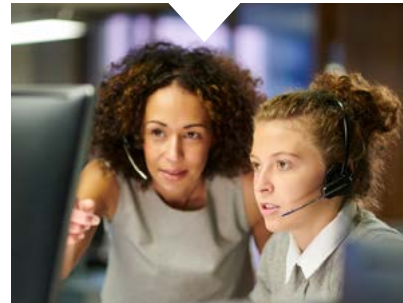
- Improve services quickly, in line with other sectors.
- Use technology to prevent issues before the customer is aware of them.
- Provide information for customers, when they need it, via the latest digital channels.
- Offer more tailored services to different customer groups.

## Affordability

- Bills must remain affordable for all for an essential service.
- Vulnerable people and those on low incomes need extra protection.
- Inflation at 30-year highs creating significant pressure on household finances.

## Decarbonisation

- Reducing carbon emissions to limit climate change.
- We generate CO<sub>2</sub> through the delivery of our services.
- Reduce carbon content of new infrastructure made of steel and concrete.
- Improve waste processes to reduce methane and other greenhouse gases.



# The increasing pace of change

**We have looked at what has changed since our Water Futures study five years ago. New trends are emerging and existing ones are accelerating. But trends can present opportunities too and we will use these opportunities to develop tools to help us deliver our priorities. These are our business ‘enablers’.**

## **What’s changed since we looked five years ago:**

- New emphasis on using nature-based solutions, and understanding the combined impact of water and waste services on our rivers, coasts and the environment.
- More emphasis on environmental protection including better understanding of how to manage flows of water naturally, to leave as much water as possible in the environment rather in sewers where it can overflow or flood.
- Need to deliver water in more extreme droughts.
- Need to increase biodiversity.
- Ever more emphasis on achieving net zero carbon emission.
- More pressure from resource scarcity.
- More geopolitical uncertainty.
- New focus on inland bathing water and public health.
- Affordability and squeeze on household finances has worsened.

## **Trends offer opportunities as well as challenges:**

### **Collaboration and partnerships**

- New focus from regulators on helping to solve water scarcity.
- Chances to put collaboration at the heart of strategic planning frameworks.
- Innovative solutions to protect chalk streams are being put in place in Hampshire.
- Nature-based solutions growing in importance compared to traditional engineering approaches, and the chance for us to play a key role in improving the natural capital in our environment.

### **Digital transformation**

- Regional insights to inform engineering and operational readiness.
- Sensors across our network of systems to inform our decision-making and controls.
- Artificial Intelligence (AI) used to predict failure.
- Satellite insights and predictions.

### **Technology**

- Considerable nano-technology research continues including focus on filters, sensors, energy efficiency and fuel cells.
- Increasing commercialisation and availability.

# What our customers and stakeholders want from us

## Customers

- Clean, safe and high-quality drinking water.
- Zero pollutions and focus on mitigating and adapting to climate change.
- Clean coastal and river bathing waters.
- Improved environment for future generations.
- Reliable water supply, minimal interruptions, or discolouration.
- No sewer flooding.
- Affordable bills for all and no water poverty in our region.
- Vulnerable customers supported in their individual needs.
- Accountable and transparent company.

## Communities

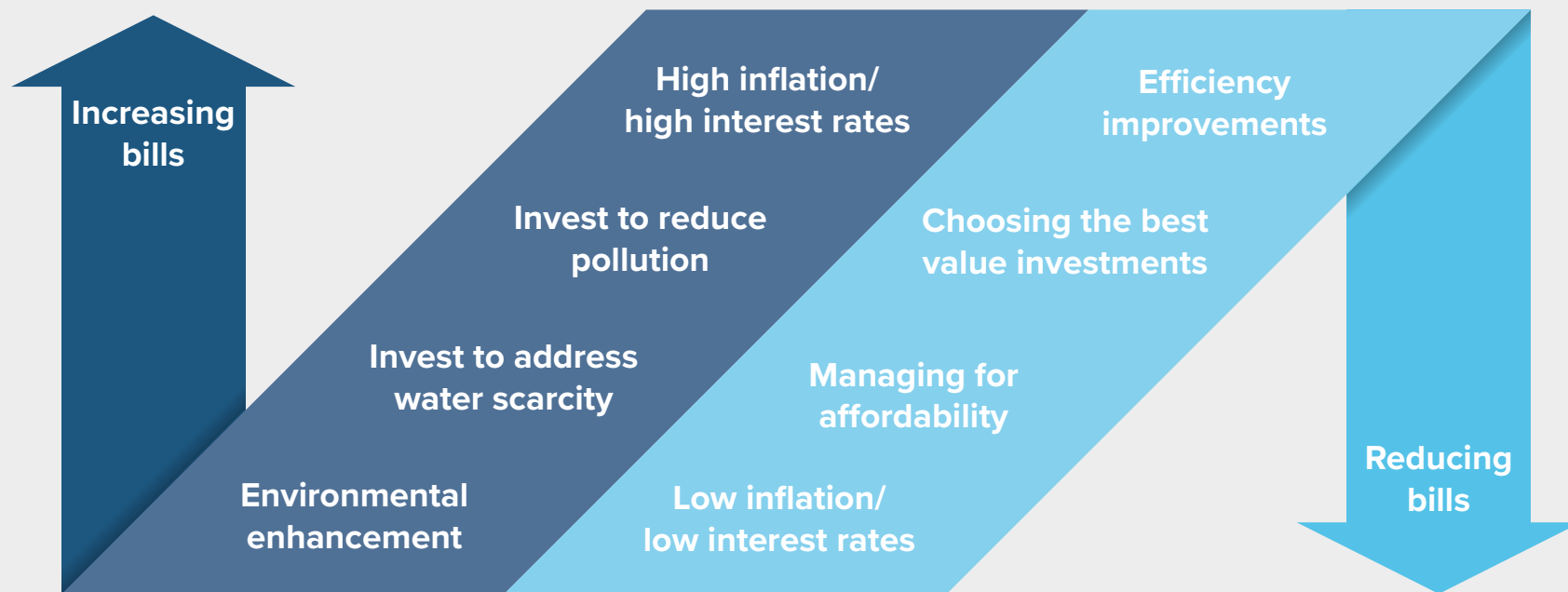
- Dependable services that minimise the risks to the region and economy.
- Partnerships with other stakeholders that address community issues and challenges, such as flood risk and surface water management.
- Local community-led projects supported through to completion.
- Forums to develop community ideas for improving wellbeing and health through access to green and blue places.
- Significant environmental enhancement delivered through partnerships.
- Educational support including understanding of community impact on the water cycle and environment.

## Stakeholders

- An improved water environment with no risk from company activities.
- Mitigating and adapting to climate change.
- Efficient investment with long-term resilience in water supply, wastewater systems and the environment.
- Improved customer outcomes that meet the needs of vulnerable customers.
- A company that offers sustainable investment over the long term.
- Collaboration and partnerships that deliver sector wide improvements.
- A sector that provides value for money to customers, society and the environment.
- An open, honest and transparent sector.

# Keeping bills affordable

The water industry has difficult decisions to make when balancing the investments needed to improve performance in water and wastewater services while protecting the environment, with the need to manage bill increases ensuring affordability for all. The challenges to 2050 will mean that this will become more critical and that our plans must deliver the best value for customers.



# Our priorities

Our four key priorities and enablers allow us to deliver our ambitions for the good of our customers, communities and the environment.

To meet future challenges we know that we'll need to focus on these priorities and take action at different times and at a varying pace between now and 2050. We'll also need to adapt to the future changes that will impact on our business.

## Our priorities



Ensuring a reliable supply of high-quality water for the future



Protecting and improving the environment



Understanding and supporting our customers and communities



Enabling and empowering our people



# Ensuring a reliable supply of high-quality water for the future

**You expect to turn on the tap and get a high-quality, reliable supply of drinking water, all day, every day – whatever the weather, whatever the challenge. The look, taste and smell of the water is also important.**

## **Our customers have told us:**

**We need to deliver a reliable supply of high-quality water by:**

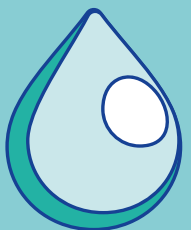
- Making sure there's enough water for everyone in our region now and in the future.
- Providing clean, safe high-quality drinking water.

## **We will continue to:**

- Provide clean, safe and reliable water supplies at all times.

## **By 2050 we will have:**

- Provided additional water supplies to meet the demands of climate change and population growth.
- Helped customers, businesses and developers to reduce their water use, with average use of less than 100 litres per person, per day.



## Case study

### **We're investing £800 million to revolutionise the way we source, treat and supply water across Hampshire and the Isle of Wight by 2040.**

Hampshire has always relied on its chalk streams for drinking water. However, to protect the health of these vital and fragile wildlife habitats, we must reduce how much water we take from them when river flows are low. This means investing in new water sources for the region - £800 million by 2040.

Our investment spans a range of strategic solutions:

- Exploring new sources of water – including water recycling to keep treated water within our network.
- Building up to 125km of new pipelines to link up our key sites and allow additional transfers of water from neighbouring water companies.
- Teaming up with Portsmouth Water to build a new reservoir at Havant Thicket to be used as a strategic water resource for the South East.

We're also taking additional steps to protect and preserve water, including:

#### **Tackling leakage**

We're driving down leaks across our network – reducing them by 15% by 2025, 40% by 2040 and 50% by 2050. Find out what we're doing to **find and fix leaks**.

#### **Preserving the quality of our water sources**

We're working with farmers, businesses and environmental groups to protect and restore local water sources in specific areas, which we call catchments. By reducing the use of contaminants or stopping them from entering watercourses, we can safeguard these catchments for future use.

#### **Water efficiency**

Until we've addressed the shortfall in Hampshire, the area will be at risk of water shortages. In the meantime, we're supporting and incentivising each person to reduce their use to 100 litres a day (from an average of 129) via our Target 100 water efficiency campaigns.





# Protecting and improving the environment

**We recognise the important role we play in protecting the environment. We also know how important it is to go further and look to improve and enhance it where we can. We must be responsible when we take water from our rivers and streams and keep those same rivers and streams free from pollution. We also need to protect our beaches and bathing waters from storm overflows during heavy rain.**

## **Our customers have told us:**

### **You expect us to:**

- Provide efficient wastewater services while making sure we (and our suppliers) have a positive environmental impact.
- Do our part to keep rivers, lakes, reservoirs and coasts healthy and clean.
- Rejuvenate and enhance nature in our region whenever we can.
- Reduce our emissions and adapt to climate change.
- Work with nature to minimise the impact of climate change on the services we provide to customers.

## **We will continue to:**

- Strive to have a positive impact on the environment.

## **By 2050 we will have:**

- Reduced serious pollution from storm overflows to zero.
- Restored all chalk streams.
- Improved the quality of all the protected habitats we impact in the region.
- Captured more rainwater in the environment to reduce storm overflows.
- Gone beyond net zero carbon.



## Case study

### **We're measuring embedded carbon emissions as well as those created as a result of our operations**

We've been reporting on our operational carbon emissions for some time now, but we're now going a step further to include built embedded carbon (also called capital carbon). It's vital that we do this going forward if we're to achieve our long-term net zero targets and fully build carbon reduction into our decision-making processes.

These new carbon accounting measurements will mean that we can understand more about the positive or negative impact on carbon emissions of our investment schemes. This will allow us to better manage our impact on the environment and seize opportunities to be part of a lower carbon future. By looking at operational and embedded emissions, along with natural habitat-based carbon emissions, we're getting closer to considering whole-life carbon impacts which will help us make decisions based on best value. We're also driving for more lower carbon-catchment and nature-based solutions alongside traditional engineering solutions that typically are highly carbon emitting.

By 2030 we aim to be carbon neutral in terms of our operational emissions, and completely carbon neutral by 2050. We'll continue to review our level of emissions annually while also making sure that this thinking is embedded in our plans for the next Price Review in 2024, and the next five-years investment period (2025–30). Over time, the level of detail in our reporting will increase as will our understanding of carbon management and how we can provide better options for the future.



# Case study

## Working together to reduce the use of storm overflows.

We're already seeing the effects of climate change and significant population growth adding more pressure to the sewer system and we know that these issues are likely to get worse. That's why we've teamed up with local authorities and partners across our region to find new and innovative solutions to managing this issue – our own Storm Overflow Task Force.

We know that our customers and our regulators want us to reduce our use of storm overflows, which is why we're already working to deliver this, with five new projects being implemented across the region over the next two years. These projects will reduce (slow down) the amount of surface water, from road and roof run off, entering our sewer network during a storm, reducing the need to use overflows and also helping to reduce flooding.

There are three main types of interventions that these projects will be looking to use:

- removing and slowing the flow of rainwater through rainwater harvesting, permeable paving, green roofs, etc.
- making better use of our existing networks through better management of connections, our equipment on site (such as pumps) and smarter networks with increased monitoring and alarms in place.
- building better and bigger sewers, storm tanks and treatment works.

In partnership, we'll also promote simple actions that everyone can do to help such as installing water butts to recycle rainwater or reducing the amount of pavement in gardens.

A number of trial sewer lining projects have already started in North Hampshire, and we'll be launching a series of interventions in Deal, Kent in summer 2022.



# Understanding and supporting our customers and communities

**You want us to go further and deliver great service – whatever the issue and whenever it happens. As most of you can't choose your water and wastewater supplier, this is even more important. From billing queries, to responding to burst mains and blocked drains and sewers, our service should be easy, quick, seamless and sympathetic.**

## **Our customers have told us:**

### **You expect us to provide:**

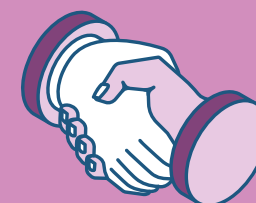
- Great customer service for all.
- Services at an affordable price for all.
- Support for our region's communities.
- Spaces that enable the use of water for wellbeing and recreational purposes.
- Support customers and communities to develop their understanding of the value of water in the environment.

## **We will continue to:**

- Provide great customer service to households, businesses, retailers and developers.
- Ensure our services are affordable for all.

## **By 2050 we will have:**

- Services that are industry leading in meeting customer needs.
- Communication that provides accurate and timely information to enable customers to make considered decisions.



## Case study

### **Our new Hardship Fund is offering tailored financial support where it's needed most.**

Our Hardship Fund supports our customers in the most vulnerable of circumstances. We provide three main types of assistance from the fund: debt relief, bill reductions and support to purchase household items where needed. Each of these is aimed at helping different segments of our customers.

Debt relief supports customers with a large debt that has built up through no fault of their own. For example, a customer may be the victim of domestic abuse, have a debilitating illness or have suffered a bereavement. They will never be able to raise the funds needed to pay the debt so we agree to write it off for them.

Bill reductions are intended to support customers experiencing a short-term financial shock, typically through loss of employment or the death of the family's main earner. In this situation we can offer to reduce their bills by 50% for an agreed amount of time.

We offer small grants to customers when we see a specific need. These are customers who have paid all their bills, and they are typically already on one of our support tariffs or schemes, and just need a little extra to replace a broken washing machine or cooker. We support by offering to purchase what's needed. In most cases we've purchased white goods, but we also bought one customer a bed as they were suffering with back problems.

We take a personal approach, depending on the particular needs of each customer.



## Enabling and empowering our people

**You're clear that you want us to make sure our business is future proof. This means investing in our people and in our corporate systems, as well as our water and wastewater networks. It's about keeping everything in good working order, from the health and wellbeing of our teams to the control systems we use to monitor our operations and the physical kit on site. We have to make sure that our business is resilient enough to cope with an increasing population, the demands of climate change and fluctuating prices and availability of goods and resources. We need to do all this with our local, national and international partners to deliver smarter, innovative solutions to future challenges.**

### **To deliver on our priorities, we know that we need:**

- To provide a safe, collaborative and inclusive workplace.
- To support people to develop rewarding careers that meet their goals.
- Our people to feel proud and passionate about succeeding together.

### **Our business enablers will support the delivery of our priorities:**

- We will enhance our performance through innovation and technology, with the systems and data we need.
- We will continue to develop a business where our services and finances are resilient.
- We will work collaboratively with our stakeholders and partners to base decisions on a nature first approach.



# Case study

**We promote a culture of inclusivity and want everyone working in our company to feel that they can bring their best selves to work every day, and work in a place where they belong.**

We were pleased to again have been included in the Top 50 UK Employers, with our ranking improving to 46th position this year (2020–21: 49). Our new five-year vision for an inclusive company sets out the pathway to keep improving in this area with a number of initiatives.

In March 2022, we launched our Equality, Diversity and Inclusion intranet offering access to a variety of tools and information, including the programme of campaigns and the employee resource groups, which continue to evolve. We now have four groups and they are open to all employees, these are BE YOU (formerly LGBTQ+), Neurodiverse, Working Parents and the Women's Network.

There are many other ways that we are promoting equality and diversity, these include:

- Joining the Women's Utility Network in March 2022.
- Celebrating National Inclusion Week for the first time in 2021.
- Monitoring career progression and engagement with training/development to ensure that there is equal opportunity for our people.

- Working with our employee resource group to signpost the diversity days to celebrate and raise awareness.
- Developing a steering group and a working group to drive positive action in this area.
- Signing up to the Menopause Workplace Pledge in March 2022 and making guidance materials available on our ED&I intranet pages.
- Working collaboratively with industry partners, including EU Skills, Water UK, BITC.

In March 2022, we were delighted to announce our new partnership with the Women's Utilities Network. The network aims to support women to grow and develop their careers in the utilities sector.

Our recruitment processes ensure that blind CV screening is used to remove any bias at the recruitment stage. We also monitor ethnicity recruitment statistics at each stage of the recruitment process – application, interview and hire – ensuring that we are creating a fair process for all applicants. We have seen an increase in the diversity of candidates applying for roles following our move to blind CV screening and the use of gender-neutral language.

# We want to hear your thoughts

We're setting out here what our Long-Term Priorities are. We're also developing three long-term plans covering water scarcity, drainage and wastewater treatment, and our overall long-term delivery strategy. These plans will be underpinned by what we need to achieve in our business plan for the years 2025–30.

We want to know what you think about each of our plans, and you can find out more about them on our [website](#). We will publish a final version of our Long-Term Priorities later in 2022, reflecting what we have heard from you.

	June	July	August	September
Drainage and Wastewater Management Plan <i>Public consultation (non-statutory)</i>				
Water Resource Management Plan <i>Public consultation (statutory)</i>				
Water for Life Hampshire – Phase 2 <i>Public consultation (non-statutory)</i>				
Water Industry National Environment Plan <i>Public consultation (non-statutory)</i>				
Long-Term Priorities <i>Engagement</i>				
Wholesale – priorities and affordability <i>Engagement</i>				

Have your say at:  
[southernwater.co.uk/HaveYourSay](https://southernwater.co.uk/HaveYourSay)

Call us by 26 September 2022 on:  
**0330 303 0277**

Email us at:  
**PR24@southernwater.co.uk**

Write to us at Southern Water:  
**The PR24 Team, Lewes Road, Falmer, Brighton BN1 9PY**

You can also tell us what you like and don't like about our approach to seeking your views.

