



Our Long-Term Priorities

February 2024

from
Southern Water

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.

This document represents a summary of our refreshed long-term strategy, based on feedback gathered from our customers and stakeholders over the past year.

Since early in 2022 we have been reviewing both our plans for managing our water resources and drainage and wastewater infrastructure in the long-term.

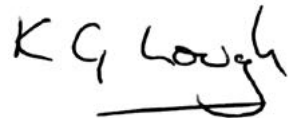
These plans have informed this document, as well as our short-term business plan 2025–30: *Building a Better Future*, which has just been submitted to our regulator, Ofwat.

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.

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.

I'd like to take this opportunity to say thank you for your feedback, it has been invaluable in helping us develop our plans.



Keith Lough, Chair

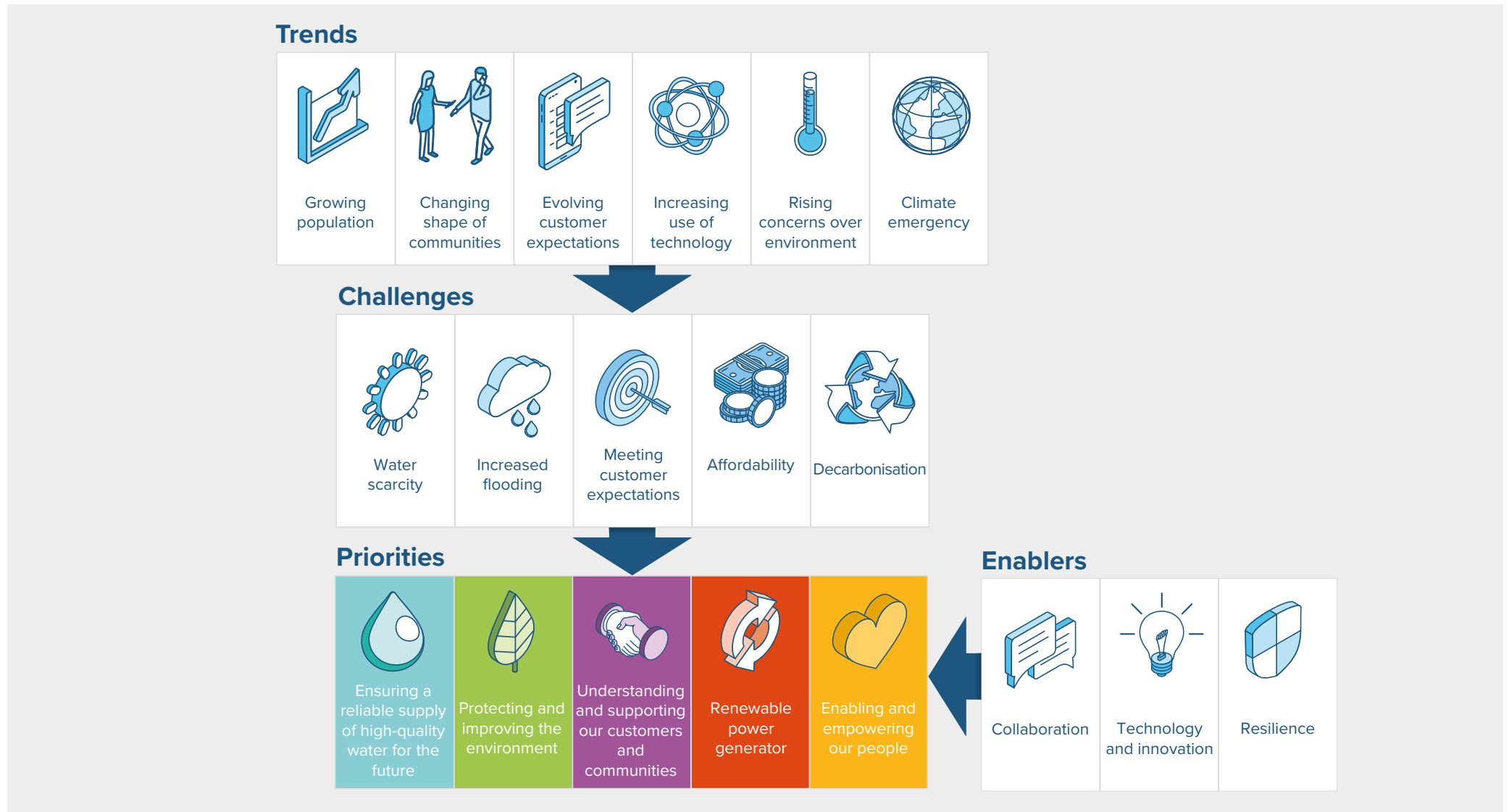


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Our priorities at a glance



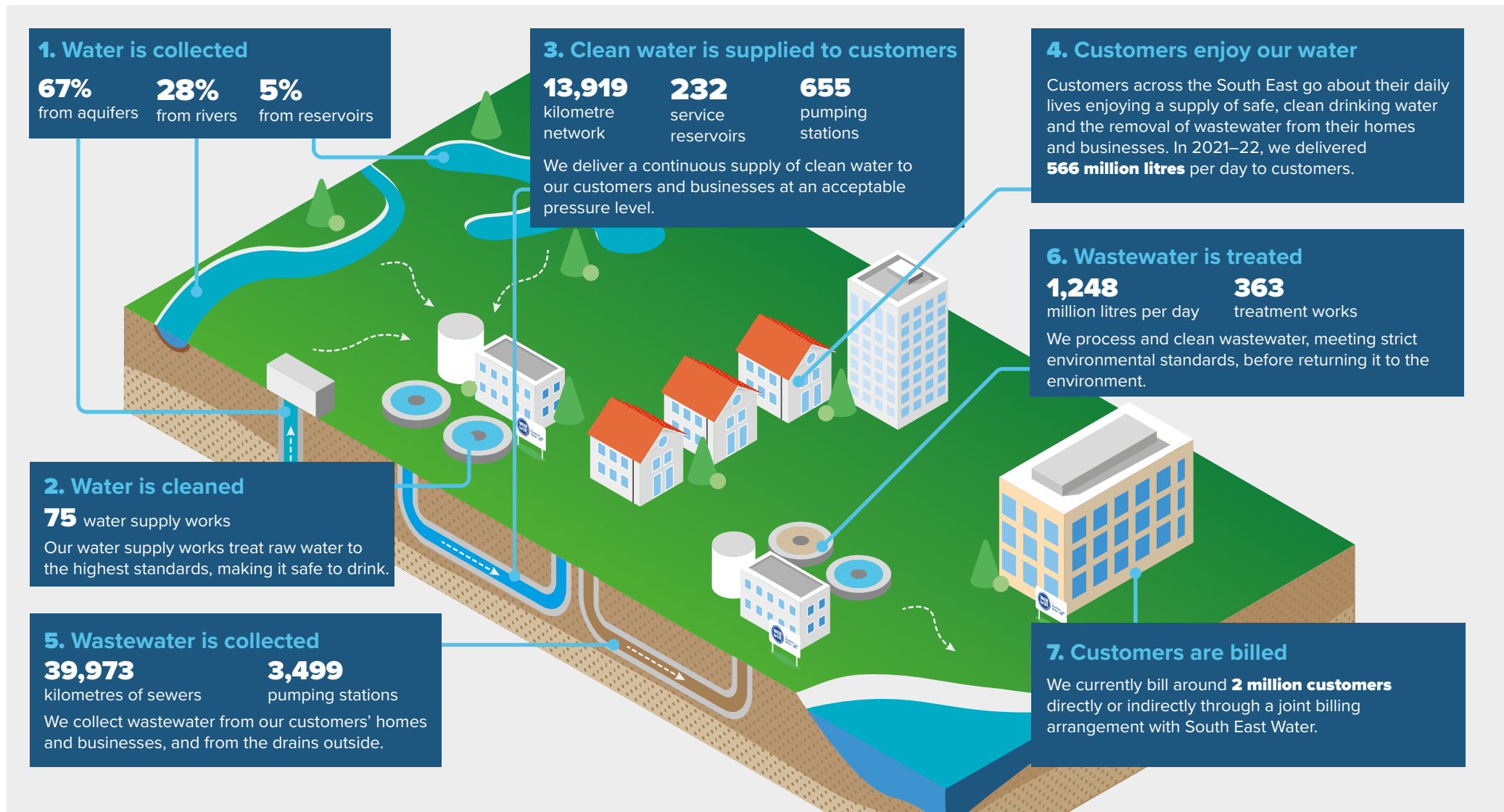
Where we supply water and wastewater services

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 566 million litres of water a day to 2.7 million customers living at 1.1 million properties.
- We remove and recycle 1,248 million litres of wastewater a day from 4.7m customers living at 2 million properties.
- We directly employ over 2,600 people and many more through our supply chain.



What we do



How this document fits with our wider strategy

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

A lot has changed in the six years since its publication, and while many of the trends and challenges it identified have remained the same, advances in technology and changes in customer, stakeholder and regulator expectations have changed our approach to managing and mitigating them.

We engage with our customers and stakeholders throughout the year and we use this insight to inform our plans and day-to-day operations. Every five years we also carry out a review and consultation process on our long-term water and wastewater plans, alongside our delivery plans for the upcoming investment period.

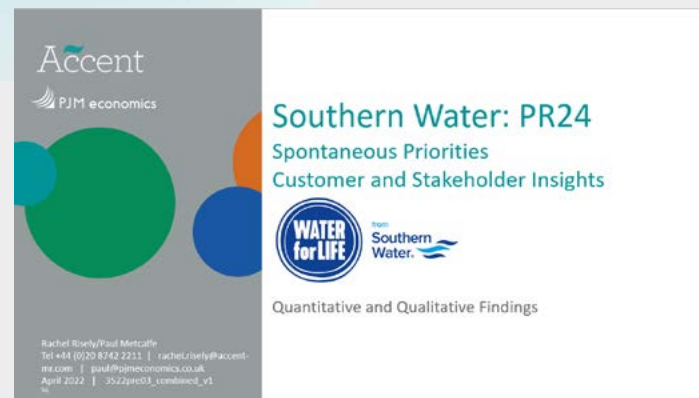
The feedback we receive allows us to review and update our long-term strategy to better reflect challenges happening today and expected tomorrow.

You can read our long-term plans [here](#).



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.



What you have told us

To test our strategy and draft Long-Term Priorities we conducted several waves of research with our customers and stakeholders, including deliberative discussions and surveys and panel sessions homeowners in our area and young people or ‘future customers’.

These groups told us that they want us to be ambitious with our plans. They want us to lead with the delivery of solutions, and are willing to pay for those solutions as long as they are justified, efficient and fit-for-purpose.

Household and future customers supported the short and long-term trends we had identified in our Long-Term Priorities, which they felt represented their key concerns.

“I think this accurately reflects the importance which should be weighted towards long term sustainability from large companies. If everyone plays their part, especially those like Southern Water who directly interact with the environment given the nature of supplying water, then change can happen.” *Future Customer*

They felt that our strategy feels genuinely customer-centric, and directly addresses the big issues of today in storm overflows and affordability, as well as tackling longer term environmental and infrastructure challenges. Customers do, however, want more detail on how delivering the aims will be measured. They expect us to be fully transparent and accountable.

Young people felt that our Long-Term Priorities aligned with their expectations, particularly around fulfilling our core role of providing water as well as improving and protecting the environment. They also agreed that the key trends we had identified covered the key issues.

“These priorities seem appropriate for Southern Water to prioritise because they are both focusing on the customer and the environment which are very important.”
Future Customer

All customers said they wanted us to prioritise the environment, affordability and security of future supplies, and that they wanted us to focus more on reducing leakage.

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

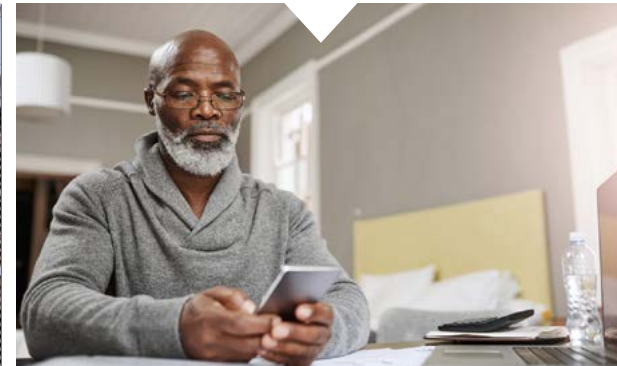
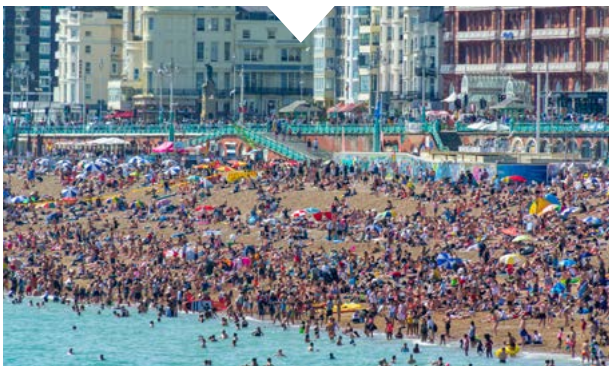
Communities are adapting due to demographics and societal changes.

- 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

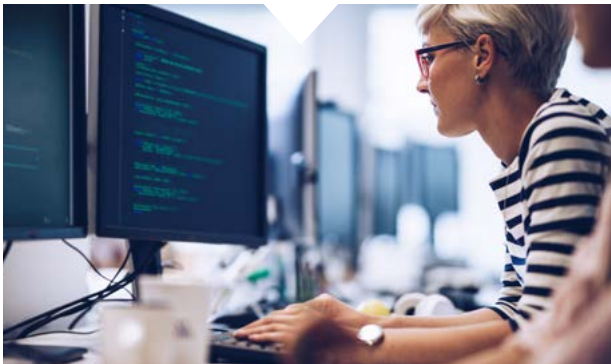
Peoples' demand to protect the environment is driving change in government priorities.

- 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

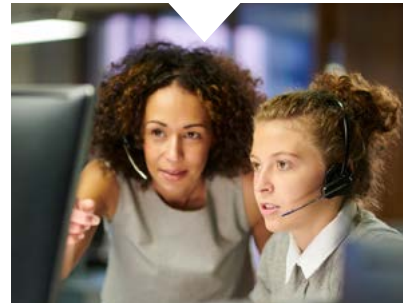
- Improve services quickly, in line with other sectors.
- Use technology to prevent issues before the customer is aware of them.
- Provide information for customers, when they need it, via the latest digital channels.
- Offer more tailored services to different customer groups.

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 CO₂ 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

To reflect feedback from customer consultations and stakeholder feedback we have revised the list of priorities on this page.

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.
- Use of innovative methods and new technology

Communities

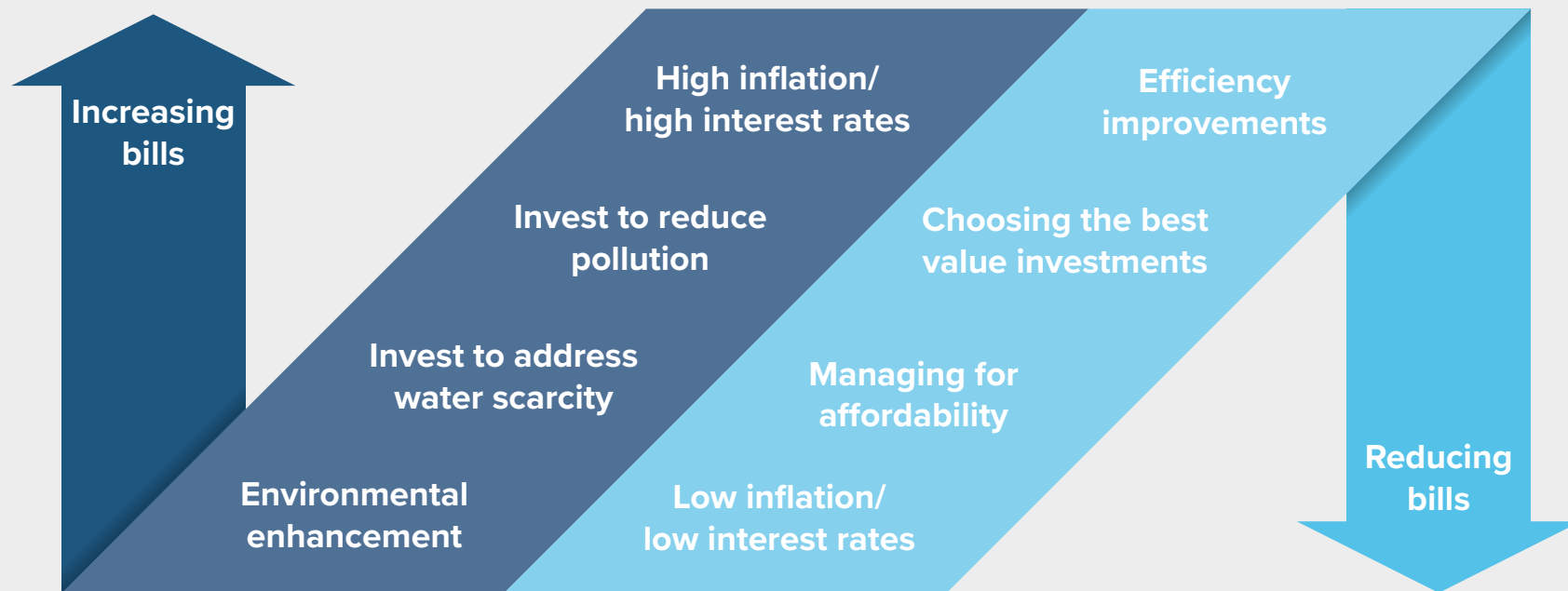
- Dependable services that minimise the risks to the region and economy.
- Partnerships with other stakeholders that address community issues and challenges, such as flood risk and surface water management.
- Local community-led projects supported through to completion.
- Forums to develop community 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 five 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



Renewable power generator



Enabling and empowering our people

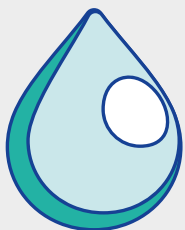
Ensuring a reliable supply of high-quality water for the future

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.
- We will cut leakage by 50% by renewing hundreds of kilometres of mains, using technology, like satellites, drones and advanced sensors, to find and fix leaks quicker and transforming how we monitor pressure on our networks to prevent bursts from happening.
- We will help all our customers become more water efficient by continuing our Target 100 campaign, as well as working with developers, local authorities, and government to encourage more sustainable policies. We will also replace our existing meters with more than one million smart meters, giving customers real-time data to make water efficient decisions.

Case study

We're investing more than £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 rare and sensitive wildlife habitats, we we have reduced how much water we take from them when river flows are low. This means investing in new water sources for the region - more than £800 million by 2040.

Our investment spans a range of strategic solutions:

- Developing new sustainable 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

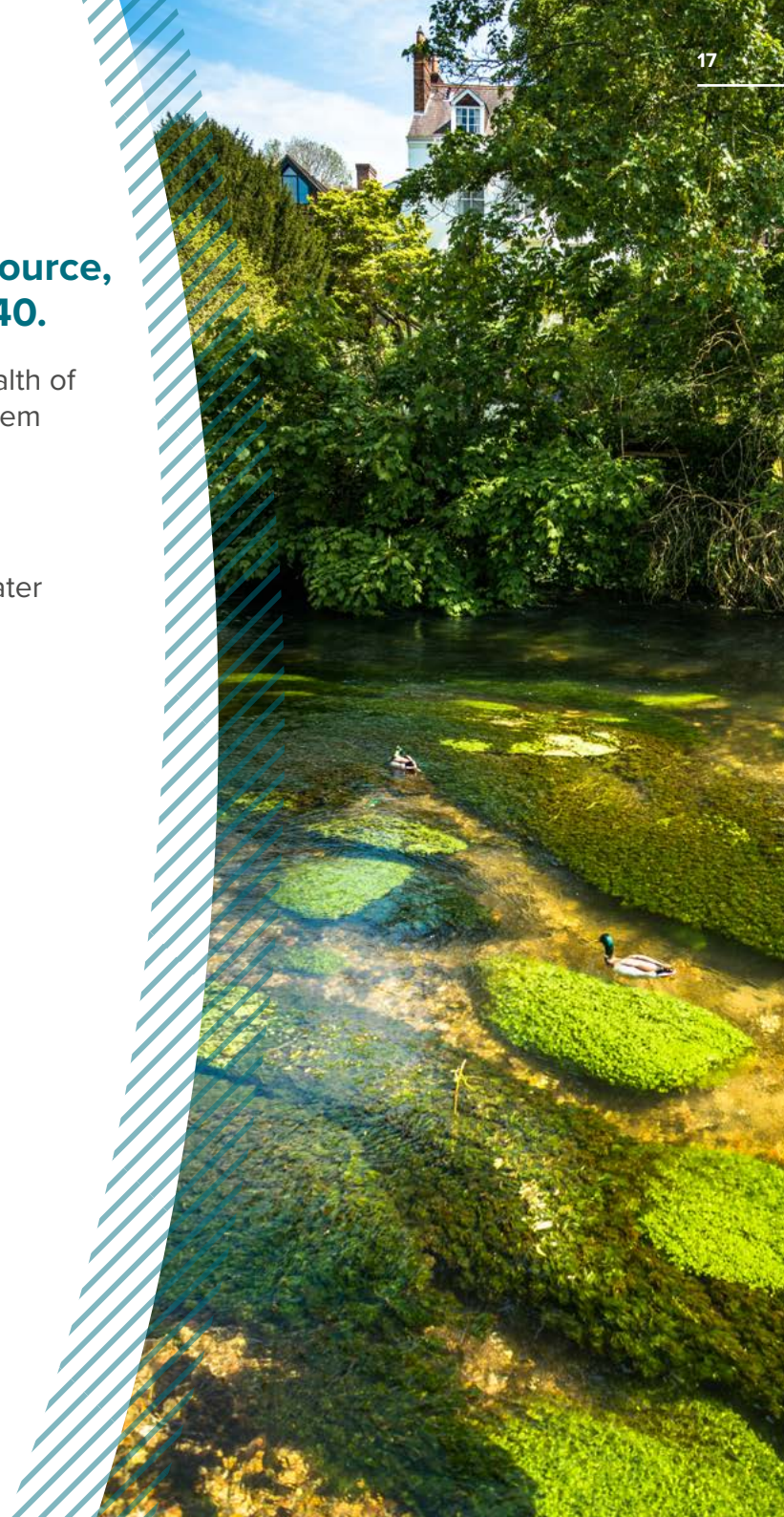
We're driving down leaks across our network – reducing them by 15% by 2025, 40% by 2040 and 50% by 2050. Find out what we're doing to [find and fix leaks](#).

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 fertilisers or pesticides 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 and we may need to apply for permission to continue to take water from the environment during a drought to maintain supplies. 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 them free from pollution. We also need to reduce our use of storm overflows to protect and improve water quality.

Our customers have told us:

You expect us to:

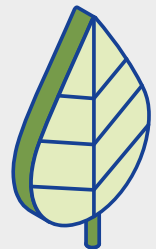
- Provide efficient wastewater services while making sure we (and our suppliers) have a positive environmental impact.
- Do our part to keep rivers, lakes, reservoirs and coasts healthy and clean.
- Rejuvenate and enhance nature in our region whenever we can.
- Work with nature to minimise the impact 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.
- Ensured the sustainable use of 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.



Case study

To deliver reliable, high-quality water and wastewater services to our customers now and in the future, we must protect and improve the natural environment, which underpins these services.

We call these natural assets our natural capital and are considering them alongside our built asset base.

Natural capital refers to the elements of nature (rivers, lakes, woodlands, wetlands) that deliver benefits to people by providing ecosystem services, such as providing fresh water, reducing flooding and providing health and wellbeing benefits. In the South East, this includes our rivers – such as the unique chalk streams of the Rivers Test and Itchen – and the coast.

To help us understand the extent and condition of our natural capital and the ecosystem services supplied we have developed baseline natural capital accounts for three river catchments – the Arun and Western Streams, the Medway and the Test and Itchen. This information will be used to inform our planning and investment decisions, strengthening our resilience, reducing costs and building trust with our stakeholders. Read the full report [here](#).

The accounts will help us track changes in natural capital value over time, as we work in partnership with stakeholders to build, restore or improve the natural environment.

Our next step is to extend the baseline accounts to all of our 11 river catchments. This will provide a full picture of natural capital across our operating area.



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 Clean Rivers and Seas 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 six new projects being implemented across the region. 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.

By 2030 we plan to reduce our use of storm overflows by 40% across 179 priority sites – including those near bathing and shellfish waters and our highest spilling overflows.



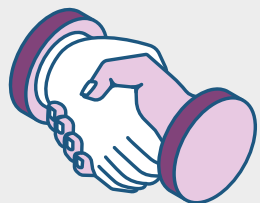
Understanding and supporting our customers and communities

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.
- We will invest in a new billing system – making our services more responsive, easier to access for all our customers and supporting real-time data from our smart meters to enable water efficient choices.
- We work closely with developers and our non-household retailers to improve their services, making it easier for them to connect to our networks.

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 increased our social tariff cross-subsidy to increase the minimum discount offered from 20% to 45% and will support a further 21,000 customers in addition to the 107,000 who could be supported through the lower subsidy amount.

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.



Becoming a renewable power generator

Our bioresources infrastructure is ageing and there is an opportunity for us to make use of new technologies to extract gas or electricity from those resources left over from the water treatment process and feed that energy back into the national grid.

Our customers have told us:

You expect us to:

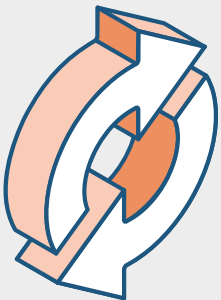
- Explore innovative methods and new technologies to reduce our impact on the environment
- Reduce our emissions and adapt to climate change

We will continue to:

- Use green energy across our estate
- Increase the amount of renewable energy we generate at our treatment sites
- Recycle our biosolid waste, returning none of it to landfill

By 2050 we will have:

- Build more Combined Heat and Power plants to generate renewable energy from treating bioresources, using biogas or biomethane.
- Consolidate our asset base, particularly in Kent where we plan to convert seven conventional digestion sites into two modern advanced digestion sites. In total we plan to convert 16 sites into seven advanced digestion sites.
- Explore Advanced Thermal Conversion technology which, should research and trials prove successful, could result in the commissioning of this new capability at a number of our key sites.
- Gone beyond net zero carbon.



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 that for the third year, we were in the Top 50 Inclusive Companies ranking 44th (2021: 46th and 2020: 49th). Our new five-year vision for an inclusive company sets out the pathway to keep improving in this area with a number of initiatives.

Our Equality, Diversity and Inclusion hub offers 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.
- 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.
- Working collaboratively with industry partners, including EU Skills, Water UK, BITC.
- Annual celebration of National Inclusion Week
- Investing £1.5 million in training and development, introducing a new Inspire Leadership Programme
- Setting up a menopause support group for colleagues.
- Developing a Supplier Relationship Management (SRM) Framework to improve relationships with our supply chain

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.

Find out more about our plans

We're constantly planning ahead and checking in with our customers to make sure their needs and concerns inform our plans. In fact, our current customer and stakeholder engagement programme is our largest ever, and we don't plan to stop it any time soon. The insight we have gained has been invaluable in helping us create our long-term plans to 2050.

Specifically, during 2022–23 we consulted with our customers on our draft Water Resources Management and Drainage and Wastewater Management Plans, as well as our plans for new pipelines and water recycling plants in Hampshire. We also consulted our regional stakeholders before submitting our Environment Programme (WINEP) to our regulators.

All of this insight has informed our latest Business Plan 2025–30: Building a Better Future, which we submitted on October 2, 2023. It's our biggest and most ambitious plan yet, which will see us invest £7.8 billion to 2030 to protect and improve our environment, improve the resilience of our water and wastewater treatment infrastructure and make our services easier for our customers.

We're proud of these plans that you have helped us to create. They are based around the priorities you have told us are important to you and are designed to meet the very real challenges that we're facing in the South East – adapting and mitigating the impacts of climate change and making sure we're prepared to support the growth and rapid urbanisation of our communities.

We'd like to invite you to continue to tell us what you think so we can make sure that we're creating a resilient water future for all our customers in the South East. Please use the link below if you have any further feedback for us:

surveymonkey.co.uk/r/SWLongTermPriorities

