

A large circular graphic composed of various white line-art icons on a teal background. The icons include a person with a headset, a cloud with circuit lines, a "net zero" circle with a leaf, a water drop with a checkmark, a target, a microscope, a person at a presentation board, a hand holding a water drop, a globe with a thermometer, a hand with a downward arrow, a group of people with an upward arrow, a leaf, a person silhouette, a water drop with a gear, and a glass of water. The central text is overlaid on a white circle within this graphic.

**Appendix
SES002
LTDS
LONG-TERM
AMBITIONS AND
PRIORITIES**

Long-term delivery strategy

We are developing our plans for the future. We'd like to hear your views on whether you support the priorities and level of ambition we have over the next 25 years. We'd also like to know if there is anything else you think is important.

The feedback we receive will inform our long-term delivery strategy for 2025 to 2050. It is part of a wider programme of research and engagement we are carrying out to help shape our plans for the future. To share your feedback please visit

www.surveymonkey.co.uk/r/seswfeedback

Or click here to go to the site



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A message from our CEO



Water is essential for a clean and thriving environment and a healthy and prosperous society. This is why we want to hear your views on how we continue to provide water in a changing world.

Our purpose is to harness the potential of water to enhance nature and improve lives. We do that by supplying high-quality water to 745,000 people in the areas from Sutton to Gatwick Airport; Edenbridge to Cobham and everywhere in between, and by being a responsible and proactive guardian of our local environment.

When we started this job 150 years ago it transformed peoples' lives for the better through the provision of clean drinking water. Since then, our ongoing investment and focus on our customers has led to us providing one of the most reliable water services in the industry. Interruptions to water supplies, leaks and bursts in our area are at their lowest levels ever. We're helping more people who are struggling financially to pay their water bills and despite record-breaking temperatures in summer 2022, we didn't restrict anybody's water use. A result of ongoing investment and effective management of your water.

Although times have changed, continuing to improve the lives of local people through the delivery of our essential service and enhancing our environment is why we are here. That said, we recognise that today, improving peoples' lives means much more than just a reliable supply of clean water. It is about delivering extra benefits through the work we do and the actions we take. This is more important than ever as we face a climate emergency and pressures on the cost of living.

As we look ahead to the future, we face some significant challenges. We're looking at a range of future scenarios to help us plan ahead. This includes considering the future needs of the environment, different rates of climate change and population growth and how advancements in technology could change how we deliver your service.

We're lucky enough to take our water from natural groundwater sources beneath the North Downs. These sources support the chalk streams in our area which are unique habitats for wildlife. In the future we may need to take less water from them to help protect them against the impact of climate change, reducing how much is available to us. We're working with our neighbouring water companies on how we address any future shortfall in supplies and secure sustainable water resources across the region.

We are expecting more people to live in our area and the way people live is changing, including how

they use water. At present, water use in our area is higher than the rest of the country. We need to enjoy water without wasting it, particularly as droughts become more common. Therefore, together we must make radical reductions to how much water we use, to preserve the precious resource we share.

We must help tackle the climate and environmental emergency. This means taking decisive action that improves the environment through our plans to deliver net zero carbon emissions, increase biodiversity and improve the quality of our local environment by working with nature.

Doing all this, while also ensuring that customers pay a fair amount that they can afford, both now and in the future, is a challenge we are facing head on.

We are making our service more efficient, and our ambition is to become the first truly smart water company. We're already at the forefront of the industry, having installed smart technology across our entire water supply network. This is transforming how we use data so we can predict our customers' individual needs, and detect and fix issues before they become problems. We also know there is more we can do in partnership with others so together we can deliver wider benefits and better value to society.

To help us develop our 25 year strategy, we want to hear your views about what is most important to you as we continue to deliver our purpose. This is so we can provide a service you value at a price that is fair now and in the future.

That's why we're asking you to tell us whether we've identified the right future priorities and to help us develop a shared level of ambition for the future, which you'll play your part in too. It will help us to focus on the things that matter most to you as we continue to supply your water in an ever changing and uncertain world.

We look forward to hearing your views.

Ian Cain
Chief Executive Officer, SES Water

Planning for the future

Water is essential for life and delivering our purpose is at the heart of everything we do. However, the future is uncertain and there are many things that could affect how we supply water in the years ahead, so we need to be ready to adapt to a changing world.

We are building on strong foundations but there is more we need to do. Both the challenges and opportunities we face will mean we do things differently. Meeting our customers' expectations and delivering our purpose, may require us to go beyond doing the things required by law and regulation. We need to make sure we understand our customers' priorities, so we invest in the areas that matter most to them.

In this document we identify the priorities we could focus on and the actions we could take to achieve the outcomes our customers expect. We highlight where we could go further and deliver greater value to the people we serve and the environment we rely upon.

We also set out some future scenarios that we are planning for which could impact on the service we provide. These include:

- Climate change
- Protecting and improving the environment
- Population growth
- Technology
- Cost of living and bad debt
- Supply chain and workforce disruption.

You can read more about these scenarios on page 15.

Our long-term strategy will set out our vision and ambition for the next 25 years and how we'll adapt if things change. It will include:

- Innovation to help us deliver more for less and transform the standards of service we provide
- Investment to meet the challenges we face and the expectations of our customers
- Partnerships that deliver greater value to customers, the environment and society
- Efficiencies in how we deliver our service so we always provide good value.

We have been listening to our customers through our day-to-day interactions with them and more detailed research to help us understand their expectations. We've also been engaging with a range of stakeholders to understand their perspectives, helping us to identify where we could deliver extra value to our local communities. This will help us agree a level of ambition and a long-term vision with our customers that we'll deliver through our 25 year strategy.

Building on strong foundations

Our long-term strategy will build on our legacy of being a high-performing company that is embedded in the communities we serve. We are:

- The first water company to have installed smart technology throughout our network to detect bursts and leaks
- Consistently achieving our leakage target and have one of the lowest levels of leakage in the industry
- Nearing completion of a £45 million programme to improve our water supply network so all our customers can be supplied by more than one water supply works
- Providing financial support to nearly 20,000 people who are struggling to pay their bills
- Transforming how we connect with our customers following the installation of a new state-of-the-art billing system and online customer portal
- Welcoming more than 2,500 people per year to our new education centre, which is helping us to inspire the next generation
- The only water company to have achieved Biodiversity Benchmark status from the Wildlife Trusts now at two of our sites which is part of our commitment to improve the environment.

About us and our customers

SES Water supplies water to over **745,000** customers across Surrey, West Sussex, Kent and south London



85% of our water comes from underground sources beneath the North Downs

15% is abstracted from the River Eden and stored in Bough Beech reservoir near Edenbridge

Every day, we supply **170 million** litres of fresh, clean drinking water to our customers.

We have a diverse customer base, with differing needs and expectations. Whilst nearly **40%** of our customers are classified as highly affluent, there are areas where our customers are experiencing significant financial challenges.



We recognise that it is not only financial issues that challenge our customers. Other factors such as age, ethnicity, mental and physical health will determine the service people expect from us and the **support they need.**

For many customers, English is not their first language, our web pages have been viewed in **45 different languages** this year.



The population density in our **London** area is considerably higher at **4,760** people per square km vs **584** in **Surrey**. This significantly impacts on the demand for water and the way we manage our network. Dealing with leaks and bursts in busy areas of London can be challenging and potentially affect more people.



We have seen some differences between our customers emerging.

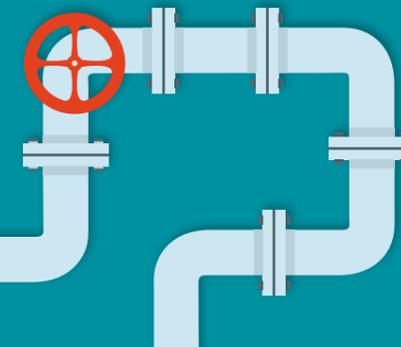
Some are focussed on what is practical and essential today, while others are more focussed on where we could go further and what more could be delivered for the future.

Areas where there were differences in views included:

- Smart technology, metering and data – some customers feel it is essential, will help us become more efficient and provide a better service for the long term while others felt it wasn't necessary
- Extra financial and non-financial support for customers – was seen as essential by those who are currently experiencing challenging circumstances and by future customers
- Water efficiency activities such as home visits, innovative tariffs and targeted advice – was considered too intrusive by some while others felt it was important to help reduce demand
- Environmental projects to help capture carbon emissions and improve biodiversity – these were more important to customers concerned about the environment, but not seen as essential by others.

Our engagement with customers and stakeholders has told us that:

- The current cost of living pressures are a major concern – bills need to remain affordable for all
- High water quality is essential – keeping our natural water supplies free from pollutants and chemicals is always a priority
- We should continue to make our existing supply infrastructure more efficient – this should happen before we develop new treatment facilities and water sources
- Our sources of water should be sustainable – sharing supplies with other companies and utilising technology such as rainwater harvesting makes sense
- Water supplies must be resilient – emergency measures to ration water should be avoided but temporary restrictions to water use (hosepipe bans) are acceptable during droughts
- We should minimise service interruptions and wastage from our network – tackling leaks and reducing burst water mains is important
- Efficient resolution of queries is important along with timely, clear and accurate communication
- Awareness of the help and support we offer customers is relatively low
- Making our land more accessible to the public would make better use of our sites and provide wider health and wellbeing benefits to our local communities
- Developing sources of renewable energy on the land we own makes sense.



We will continue to improve our understanding of our customers and stakeholders' priorities as we develop our strategy so it reflects what they want us to deliver and by when. We will also look at how we work more closely with them as many things we need to achieve in the future we cannot do alone.

We will work in partnership with organisations and individuals whose actions directly impact on water supplies, such as farmers and other land users. We'll also look to maximise the benefits we can deliver by working with others who have shared goals, so together we deliver more for our environment and communities.

Encouraging our customers to play an active role in their service is essential. We will need to help our customers to change how they think about and use water, and how they interact with us if we are to achieve our ambitions.



Our priorities for your water service

As the world around us changes we must continue to deliver our purpose.

We believe it's not just our duty to supply water, but to use it as a force for local good. That's why we need to do all we can to support the communities we serve, whilst protecting and enhancing the local environment.

We have looked at the service we provide today and how it could look in the future, so we continue to deliver what matters most to you.

The graphic below shows how delivering our purpose will enhance nature and improve lives.

The priorities we have identified together are to:



Provide you with high-quality water from sustainable sources



Deliver a resilient water supply from source to tap and minimise wastage



Help you reduce your water footprint and charge a fair, affordable price for what you use



Improve the environment and have a positive impact on our local area

Under each priority we identify where we are today and what we could deliver by 2050. We want to hear what you think is most important and how far you expect us to go in the future.



Provide you with high-quality water from sustainable sources



Our service today:

We take **170 million litres of water from the environment each day** and we depend on winter rainfall to replenish our sources

Our drinking water consistently reaches the **high standards** required and we have one of the lowest levels of complaints in the industry about its taste, odour and appearance

We have **one reservoir at Bough Beech** that stores water abstracted from the River Eden

A third of our pipes that connect customers to our network and supply their homes and businesses are **made of lead** and we add a chemical called phosphate to make sure that your water is safe to drink

We **engage** with farmers and other land users to raise awareness of how their activity can affect some of our water sources

Challenges and opportunities:

- As the population grows, we will need to supply more water
- The water sources we rely upon are at risk from climate change so less may be available in the future
- Climate change could impact on the quality of our water, for example hotter weather could cause more algae to grow at Bough Beech reservoir
- We may need to reduce how much we abstract from some of our existing sources to protect the environment and enable it to adapt to climate change
- Pollution of our water sources by substances such as pesticides and other chemicals could pose a risk to water quality in the future
- The phosphate we use to keep our water safe is one of the things that is impacting on the quality of our rivers and streams.

What we must do:



- Continue to provide drinking water that always reaches the highest quality standards and respond to any future changes to regulatory requirements
- Plan ahead to make sure there is enough water for our customers, critical industries such as agriculture and to help improve the environment in the future through the development of a regional water resources plan for South East England
- Use the regional plan to inform our Water Resources Management Plan which identifies the action we should take to secure water supplies for our customers in the future
- Investigate whether the water sources we rely upon will be sustainable as the climate changes and reduce how much water we take from sources that will need greater protection in the years ahead.

What our ambition is for 2050:



- To only take water from the environment when doing so doesn't impact on the health of our local rivers and streams
- To offer customers water that comes from alternative sources that can be used to flush the toilet or water gardens which make up 40% of water use in the average home
- To eliminate all the lead pipes in our supply network and our customers' homes as quickly as possible
- To improve the quality of the water in the environment so we avoid the need for additional treatment to remove algae, chemicals and pollutants.

How could we get there?



- By reducing our abstraction from some sources and using solutions that involve working with nature to help improve the natural water sources that we continue to rely upon so we only abstract from where it is sustainable to do so in the future
- By developing new sources of water to replace those we can no longer use such as increasing the size of Bough Beech reservoir and improving our groundwater storage
- By sharing water with our neighboring companies through the development of new water transfers across South East England
- By investing in the development of innovative technology that will enable customers and developers to retrofit rainwater harvesting and greywater recycling systems into homes and encouraging them to adopt it
- By replacing the 100,000 lead pipes that connect our network to our customers and support customers to do the same to the pipes within their homes
- By working in partnership with farmers, industry and other water companies to use the natural environment to help stop water sources being polluted by existing or emerging substances and chemicals.

Case study

We are working with a housing developer on plans for 150 new homes on land we currently own in Godstone. The design includes greywater recycling from baths and showers and rainwater harvesting to flush toilets, water butts for garden watering and drought resistant plants. It aims to reduce the amount of high-quality drinking water that we need to provide to less than 75 litres per person per day - nearly half what is currently used by the average person. The development will also include carbon reduction technology such as heat pumps and battery storage, be supplied entirely by renewable energy, provide electric vehicle charging points at each property and encourage biodiversity through sensitive landscaping.

Questions:

- Do you agree that this is important and should be a priority in our strategy?
- Do you support our level of ambition for 2050?
- Is there anything else we should be aiming to achieve by 2050?



Deliver a resilient water supply from source to tap and minimise wastage



Our service today:

Our customers have a **0.5%** chance of their water supply going off for more than three hours each year

A water main bursts somewhere in our supply network **five times per week** and it takes us approximately **eight hours** on average to fix them

We soften the water supplied to **80%** of our customers

13% of the water we put into supply each day is lost through leaks – **two thirds** from our pipes and the rest from our customers' pipes and plumbing

We should not need to introduce emergency water restrictions such as standpipes to manage severe droughts more than once in every **200 years** on average

Over half of our customers can be supplied by more than one of our water treatment works

Challenges and opportunities:

- Climate change will make droughts more frequent and severe and other extreme weather events such as floods, heatwaves or freezes that could affect our service may become more common
- Rising energy prices will increase the cost of abstracting, treating and pumping water to our customers
- Smart technology will help us detect problems in our supply network, pumping stations and water supply works more quickly and provide us with more information about the condition of our pipes
- Smart meters will help us quickly find more leaks and water wastage on our customers' pipes and plumbing.

What we must do:

- Continue our industry-leading performance for water supply interruptions and burst mains
- Increase our resilience to climate change, and specifically droughts, so we plan to only introduce emergency drought measures such as standpipes in exceptional circumstances (once every 500 years on average) by 2040
- At least halve leakage by 2050
- Work with developers to provide a reliable water supply to new homes that are built in our supply area
- Soften the water supplies to customers at five of our eight water treatment works
- Continue to run our water treatment and supply network as efficiently as possible
- Become more energy efficient to help keep the costs of supplying water low while also reducing our carbon emissions
- Ensure our critical infrastructure is resilient to heatwaves, flooding and other extreme weather events.



What our ambition is for 2050:

- For customers never to be impacted by interruptions to their water supply
- To remove the risk of water mains bursts impacting on customers, local communities and the surrounding environment
- To go beyond halving leakage by supporting the development of new technology that will reduce it to even lower levels
- To reduce our reliance on single-use chemicals that are used to make our water clean and healthy.



How could we get there?

- By becoming the first truly smart water company in the UK through the roll out of technology from source to tap that will provide real-time data so we can monitor, learn and predict performance and address issues before they become problems
- By working collaboratively with other water companies and the supply chain to develop innovative new methods to tackle leakage
- By dynamically managing water pressure to help reduce leaks and ensure a consistent and reliable water supply to customers whatever the weather
- By optimising how we replace water mains using enhanced data from our smart network to help us target those that are more likely to leak or burst
- By helping our customers to find and repair leaks on their own water pipes and plumbing and alerting them quickly when there is a problem, using smart meter data
- By innovating so the chemicals that we use to treat water can be extracted and reused, helping to reduce waste and costs.



Case study

We are the first UK water company to have a fully smart water supply network. We've installed Artificial Intelligence (AI) technology that is helping us to detect, respond to and prevent water leaks from our pipes so we provide a more reliable service to our customers. To date we've more than halved the time it takes to detect a leak, reducing the amount of water lost by between 30% and 40%. We've also reduced our environmental impact and disruption to communities by only sending out teams to genuine issues. We are developing our smart network further, trialling how it can help us manage pressure in the network to reduce leakage. Installing smart meters could also help us identify more leaks, including within customers' homes – where a third of leakage currently occurs.

Questions:

- Do you agree that this is important and should be a priority in our strategy?
- Do you support our level of ambition for 2050?
- Is there anything else we should be aiming to achieve by 2050?



Help you reduce your water footprint and charge a fair, affordable price for what you use



Our service today:

The average water bill costs just over **50 pence per day**, lower than the average water bill across the country

Nearly **6%** of our customers are on our register to receive priority services

95% of our customers say that we offer value for money

65% of our customers receive a metered water bill at least once per year

Our household customers use **151 litres** per person per day on average, **4%** more than the UK average

We give nearly **20,000** customers a discount on their bill as they can't afford the full price

We responded to more than **215,000** customers calls and emails last year and we visit around 30 community groups each month to meet our customers face to face

Challenges and opportunities:

- Customers' expectations of our service and communication with them will grow
- Greater cost of living pressures will impact on our customers' ability to afford their water bill
- Smart technology will provide data to help us understand how customers use water and other aspects of our service - we'll work with our customers to support them to use it
- Delivering our goals will require us to build deeper relationships with all of our customers
- Enhanced digital platforms will help us provide a more efficient and higher quality service
- Responsible data sharing and partnerships with other organisations will help us provide support to customers that need it.



What we must do:

- Continue to provide a high-quality service to all our customers
- Always charge a fair price for our service
- Significantly reduce how much water is used by households and businesses
- Reduce household water use to 110 litres per person per day (on average) by 2050 to achieve the Government's target
- Continue to provide appropriate support to customers who are permanently or temporarily vulnerable
- Finance our business in a sustainable and resilient way with the highest standards of governance.

What our ambition is for 2050:



- To help our household customers radically reduce their water consumption, energy use and lower their bills
- To work with businesses in our area to help them reduce their water use by 25%
- To end water poverty in our area so no-one spends more than 5% of their income on paying their water bill
- To engage with customers through the channels they prefer
- To provide a completely inclusive service so we are accessible to all our customers in a way that meets their individual needs.

How could we get there?



- By installing smart meters at all homes and businesses that provide customers with real-time information about their water use to help them achieve personalised water usage targets
- By offering innovative tariffs that reflect the level of water people use and incentivise water efficiency
- By offering in person and virtual home water health checks that cover leaks, water efficiency, lead, safe fixtures and fittings and any extra support required
- By fully digitalising our customer service channels so customers can self-serve and keep in touch with us whatever way suits them best
- By identifying all customers who need extra financial support
- By establishing community hubs to provide customers with face-to-face support if that's their preference
- By using data to predict the individual needs of our customers, and proactively contact them before they contact us
- By building partnerships with other organisations across our communities to develop inclusive approaches to supporting customers so together we can help more people across society.

Case study

Building on our investment in new technology, including our new billing system and improvements in the way we collect and use data, we've been testing new approaches to help our customers use water wisely. We've been proactively calling customers as soon as we see indications of increased water usage so that we can work with them to understand what has caused this and help them take action to reduce it. This can include providing advice, carrying out a home visit, installing water efficient devices and identifying leaks within their homes. In the future, we plan to further leverage technology to automate this approach through our digital channels enabling us to reach more customers. The roll out of smart meters will mean we can identify high consumption in almost real-time, so we can provide targeted support to help customers save water, energy and money by using less water.

Questions:

- Do you agree that this is important and should be a priority in our strategy?
- Do you support our level of ambition for 2050?
- Is there anything else we should be aiming to achieve by 2050?



Improve the environment and have a positive impact on our local area



Our service today:

We emit **47** kilograms of greenhouse gases per million litres of water we provide

We have a modern education centre visited by **2,500** people each year

Two of our operational sites have Biodiversity Benchmark status from the Wildlife Trust

We employ **300** people and support a further **500** jobs through our supply chain

Challenges and opportunities:

- Working in partnership with other organisations to combine funding and deliver more benefits to local people and the environment
- Increasing expectations of our current and future workforce
- The climate emergency becomes worse and has greater impact on our local environment
- Lack of social mobility across society could limit the opportunities for people in our local communities
- As our business changes we'll need different skills in the future which could be in short supply.



What we must do:

- Ensure that the health and safety of our employees and customers is our highest priority
- Ensure our operations never pollute the environment
- Achieve net zero carbon across all our activities by 2050
- Improve biodiversity by 20% on our sites and when we build new infrastructure
- Work in partnership with others including the companies that provide wastewater services in our area to improve the quality of our local rivers and streams
- Continue to build a productive and diverse workforce with the skills we need in the future.

Questions:

- Do you agree that this is important and should be a priority in our strategy?
- Do you support our level of ambition for 2050?
- Is there anything else we should be aiming to achieve by 2050?



What our ambition is for 2050:

- To achieve net zero operational carbon emissions by 2030 and then go further so we capture more carbon than we emit
- To reuse or recycle all the waste products we produce across our operation
- To double biodiversity across the land we own and other areas where we work so 75% of our sites achieve the Biodiversity Benchmark standard
- To improve peoples' wellbeing by making more than three quarters of our land accessible so they have more green space on their doorsteps
- To educate all current and future bill payers about the critical links between water, energy and the environment
- To contribute to the advancement of skill development of young people across our area to help improve their life chances and inspire the next generation of our workforce
- To be an employer of choice, providing jobs to people in the communities we serve to create a productive workforce that reflects the diversity of our customer base.



How could we get there?

- By becoming more energy efficient across our business, creating renewable energy sources on our land and using the heat and hydrogen produced through our operations so we become self sufficient
- By developing innovative low or no carbon solutions that use nature rather than building new infrastructure to increase carbon capture and reduce CO₂ levels
- By developing all our sites into havens for wildlife to increase the number and nature of species that live on them
- By using landscape and nature-based solutions that will contribute to improving water quality as well as delivering wider environmental benefits
- By rolling out an education programme focused on the importance of water and the environment that reaches all primary and secondary schools across our region each year using physical and digital channels
- By sourcing as many goods and services as possible from within our supply area to help support the local economy
- By attracting and retaining highly-skilled employees by offering a fair and flexible workplace, providing great opportunities and supporting their personal development.

Case study

We are working with the local community to make the land we own at Fetcham Springs more accessible to the community and deliver wider environmental benefits. Whilst maintaining its core purpose of providing water to the Mole Valley, there are opportunities for the site to be enhanced and some of the existing infrastructure connected to it to be repurposed. This could include:

- Increasing biodiversity – part of the site has already been awarded the Biodiversity Benchmark but we could extend this to the rest of the site
- Providing educational facilities – by creating an on-site education centre for local schools and community groups to visit and working with the Surrey Society of Model Engineers who lease part of the land on open days and events
- Creating additional public access – providing new public footpaths throughout the site
- Providing renewable energy supplies – installing solar technology to provide energy supplies to help us run the on-site treatment works.

Planning for a changing world

The future is uncertain. We need to make sure our long-term strategy is resilient to change and identify the investment needed to deliver long-term benefits to our customers. This will ensure we invest our customers' money as efficiently as possible and avoid spending it preparing for challenges that don't materialise.

To make sure our plans are robust and efficient, we will test them against a range of future scenarios. Ofwat, our economic regulator, has identified some scenarios for us to test our plan against. These are common to all water companies and our strategy will be able to adapt to them all. In each scenario we look ahead to 2050.

Climate change



Climate change means we are likely to see hotter, drier summers and warmer wetter winters. This will affect how much water is available from our water sources. If the impact of climate change is more severe, there is likely to be less water in the environment and droughts will become more severe and frequent. We also need to make sure that our water supply works, pipes and other infrastructure that we use to provide your water is resilient to the effects of climate change, such as severe floods and freezes. We are testing our plans using predictions from the Intergovernmental Panel on Climate Change and the latest UK projections from the Met Office.

High climate change scenario - 7.5 million litres less water will be available each day from existing sources

Low climate change scenario - 3 to 4 million litres less water will be available each day from existing sources

Our analysis shows that our water supplies are more resilient to climate change than some other water companies. This is because of our high dependency on groundwater sources that rely on winter rainfall. However, both climate change scenarios will reduce how much water is available so we must plan for this so supplies to customers remain resilient.

Improving the environment



We need to ensure that the water sources we rely upon are sustainable in the future. Some of our water sources support sensitive and unique habitats that are facing damage from pollutants and climate change. To help protect and improve them, we may need to leave more water in them in the years to come. This means we could need to reduce how much water we abstract from certain sources. We are investigating the scale and location of any future abstraction reductions over the coming years alongside our environmental regulators.

High environmental improvement scenario - 30 million litres less water will be available each day

Low environmental improvement scenario - 11 million litres less water will be available each day

Our analysis to date shows that the high environmental improvement scenario will have a significant impact on us, as we'd lose nearly 20% of the water we currently supply. This is because 60% of our water comes from underground sources that support chalk rivers including the Wandle, Darent and Hogsmill. Any shortfall in water supplies will need to be replaced through our work to reduce demand and potentially through new sources of water.

We are testing our plans against indicative scenarios developed by the Environment Agency, supported by environmental investigations that have been carried out to date.

Question:

Are we considering the right scenarios in our long-term strategy?
Are there any other future scenarios that you think we should be planning for?



Population growth



As the number of people living in our area increases, so will the amount of water we need to supply. We don't yet know how much the population will grow by across our region, but we've used projections informed by local authority housing plans and the latest data from the Office of National Statistics (ONS18) to help us predict future demand for water.

High population growth scenario - 15% growth in population and 9 million litres of extra water per day

Low population growth - 5% increase in population and 2.6 million litres of extra water per day

Currently our customers use around six litres per day more than average and during hot, dry weather we see demand for water increase. Our projections assume some reduction in water use but our ongoing water efficiency work should reduce this further. Furthermore, if the Government introduces new policies that promote more efficient water use, such as setting requirements for new homes and introducing minimum standards for water using appliances, water use will fall more than it would through our work alone.

Technology and data



Advances in technology will change how we deliver our service. This includes the use of smart meters and networks that will collect data to help us reduce leaks, cut consumption, and improve our engagement with customers. Low carbon technology will assist our journey to net zero and help reduce our environmental impact. We don't yet know how quickly technology will improve so we will ensure our plans can adapt to both faster and slower advancements in technology.

High technology scenario - faster roll out of smart and low carbon technology

Low technology scenario - slower roll out of smart and low carbon technology

Our analysis to date suggests that different rates of technological advancements will primarily impact on the cost and speed with which we can deliver improvements. For example, if it takes longer to roll out smart networks and meters, we expect the cost to achieve reductions to demand and leakage will be higher overall. If we have the technology in place sooner, we expect it to be quicker and cheaper to reduce demand.

Additional scenarios

Cost of living and bad debt

Current pressures on the cost of living are already affecting our customers and their ability to pay their water bills. We need to ensure our plan can cope if more people cannot afford to pay us so we can continue to provide a high level of service and the support our customers need.

We already make a provision for some 'bad debt' but we're investigating a scenario where more people can't pay some or all of their bills so the amount of bad debt increases. Similarly, we already offer bill discounts to nearly 20,000 customers through our social tariff but we're investigating what will happen if this rises further. We will also assess the impact that the national social tariff, which is currently being progressed by the water industry regulators, will have on our customers and their ability to pay.

Scenario - an increase in bad debt in line with what we saw following the 2007 financial crisis.

We don't think that a higher level of bad debt or more people requiring financial support will change what we need to do to supply water to customers.

However, we might need to put some money aside so we can keep operating even if we don't collect as much money from some customers over an extended period of financial hardship. We may also need to look at additional funding options.

Supply chain and workforce disruption

Economic factors and global shortages in some products and materials could cause disruption to our supply chain and workforce. Our normal suppliers may not be able to provide us with the equipment and service we need, and our colleagues may not be able to work for extended periods, as experienced through the pandemic. We are therefore testing a scenario where this happens from time to time.

Scenario - extended disruption one year in every 10.

Our early findings suggest that prolonged disruption to our supply chain and workforce is likely to increase our operating costs in the years affected. Initial investment in our internal systems so we can adjust more easily to disruption could help to address this, with a small impact on customer bills.

How we'll develop our 25-year strategy

Once we understand your priorities and the level of ambition, we will set our shared vision for the future. We will then develop a long-term delivery strategy to achieve it.

Our strategy will set out the actions we will need to take over the next 25 years and where we will need to make extra investment to reach the level of ambition expected by our customers. It will include the investment identified by the other plans we produce, including our:

- Water Resources Management Plan (WRMP) – our plan to secure water supplies for the future, informed by a regional plan that considers the water needs of South East England
- Water Industry National Environment Programme (WINEP) – our plan to improve the environment and investigate its future needs
- Net zero route map – our plan to achieve net zero carbon emissions.

Our strategy will be adaptive, which means we will be able to change course if we need to. We will test our strategy against the different future scenarios we have identified so we know when we may need to move to an alternative pathway with different investment required. It will include:

- **A core pathway** – that identifies the ‘no regrets’ investment we need to make regardless of what the future holds
- **Alternative pathways** – that identify what investment we will need to make if we experience a different future. We will identify triggers that will tell us when we need to move to an alternative pathway and change our investment programme.



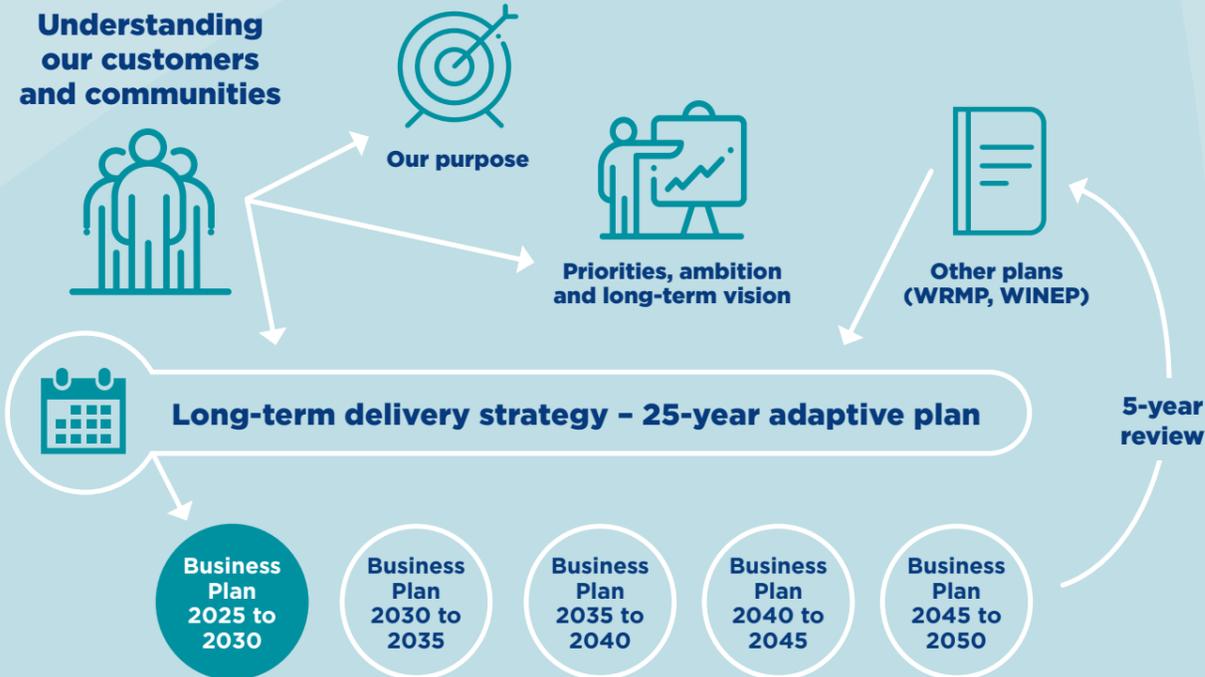
Decision point: the point at which a decision on moving to an alternative pathway should be taken

Trigger point: the point at which an alternative pathway will be followed

We'll break our strategy down into five-year investment programmes. The next one will cover the period from 2025 to 2030 and we'll submit this to Ofwat, our economic regulator, next year. We will agree with them the investment we make and how much you will pay for your water during this period.

We will review our strategy, and the investment required every five years and make sure it continues to deliver the service you expect.

Understanding our customers and communities



What happens next?

We would like to hear your views about our priorities and the level of ambition we should have in the future. This will help us develop a long-term strategy that meets the needs of our customers and communities, now and in the future.

We will also be talking to a range of customers across our region and listening to the views of those that represent our local communities, so we understand what is most important to them.

to work with our customers to strike the right balance between the improvements we make and the cost of their water. This will ensure our charges are fair and people value our service.

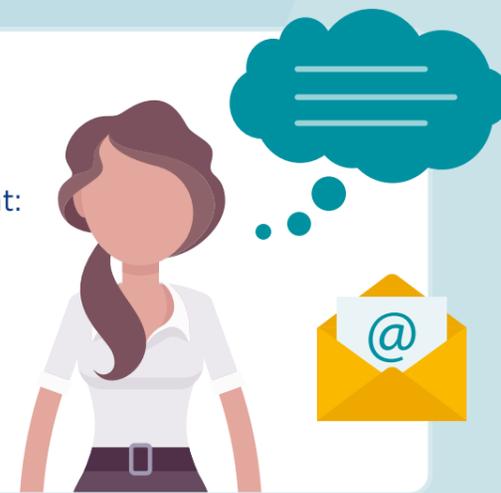
Once we've understood what our customers want us to do, we'll develop our strategy to get there. This will involve looking at different ways we could improve your service and how much it will cost. We'll continue

Next year, we'll produce our long-term strategy, and we'll use it to prepare our business plan for 2025 to 2030. We'll share this with you and test whether you support our plans.

How to get involved

You can provide feedback by visiting www.surveymonkey.co.uk/r/seswfeedback and filling out our survey. Alternatively, you can email communications@seswater.co.uk or write to use at:

Long-term delivery strategy consultation
Communications
SES Water
66-74 London Road
Redhill
RH1 1LJ



What the words mean:

Abstraction – the removal of water (under licence from the Environment Agency) for use in the public water supply or industry.

Bad debt – the cost of water charges we are unlikely to be able to collect.

Biodiversity – the variety of animals, plants, fungi and micro-organisms that make up our natural world.

Bursts – failures of water pipes usually resulting in large losses of water.

Emergency water restrictions – measures that would be taken, following approval by the Secretary of State, to manage water supplies during a severe drought event.

Greywater recycling – the treatment of wastewater from appliances such as showers, baths and sinks to be re-used and fed back into a property for non-potable purposes such as flushing toilets.

Leaks – leakage is treated water lost from our network of pipes – that's all the water not making its way to our customers' taps. Leaks also occur on our customers' pipes and we work with our customers to repair them where we can.

Nature-based solutions – sustainably managing natural features and processes to deliver wider benefits to customers, such as catchment management or river restoration.

Ofwat – the economic regulator of the water sector in England and Wales that was established in 1989 when the water and sewerage industry was privatised.

Phosphate – a naturally occurring substance used in the water treatment process to reduce the amount of lead that is leached from historic lead pipes and fittings, so water meets regulatory standards.

Priority Services – a register that is free to join that helps us look after customers who have health, access or extra communication needs and helps us tailor our services to support households who need extra help.

PR24 – the next price control review by Ofwat that will conclude in 2024 and set the revenue that companies will be allowed to recover, through charges to their customers, for the five years starting on 1 April 2025.

Rainwater harvesting – the collection and storage of rain from a roof-like surface, redirected to a tank or cistern which could then be used for garden watering or fed back into a property for non-potable purposes such as toilet flushing.

SES Water – the trading name of Sutton and East Surrey Water Plc.

Softening – a process used at some of our water treatment works where our underground borehole sources are naturally hard, to partially soften the water before it is supplied to customers.

Supply interruptions – where the supply of water to customers is interrupted due to planned (e.g. replacing old pipes) or unplanned (e.g. a burst) activity. Our target is calculated by measuring the length of time that a customer has lost supply (where this has been for more than three hours) and dividing by the total number of properties in our supply area.

Temporary Use Ban (TUB) – drought management measures imposed by water companies on customers – previously known as a hosepipe ban.

Water Resources Management Plan – a plan produced by each water company every five years that follows a statutory process and sets out how they will provide water over the long term.

