
Planning
our future
together
Have your say on our plans for 2025-2030
Affinity Water

Planning for the future

What our customers want shapes what we do. We set out our long-term ambitions to 2050, the challenges we face, and the huge opportunities for society, our company and the wider water sector to create value in our Strategic Direction Statement published in 2021.

Our business plan focuses on the first five years of that journey from 2025 to 2030. It reflects new requirements from our regulators and the feedback we've had from both customers and stakeholders on the shape and pace of our ambitions.

We've already gathered views from thousands of customers and stakeholders through surveys, events and our online community. This feedback has helped us build our proposed plan, starting in 2025 and this document reflects what we've heard and learned from our customers. We still have some key decisions to make about how quickly we achieve these ambitions and this could have an impact on customers' bills.

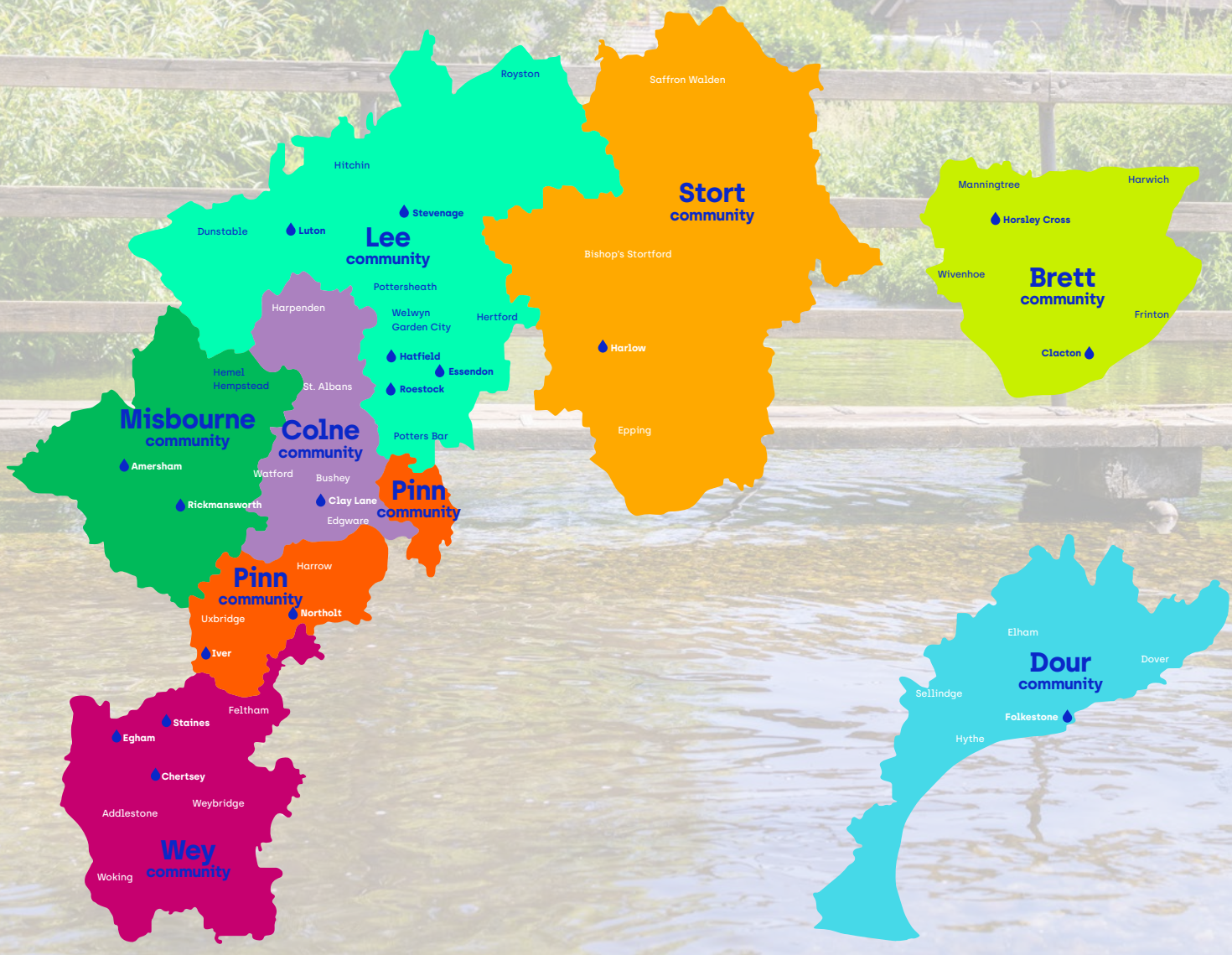
A combination of population growth, demand for water, climate change and the need to leave more water in the environment, particularly for our vulnerable chalk streams means we've significant challenges in the way we manage both supply and demand for water in our area.

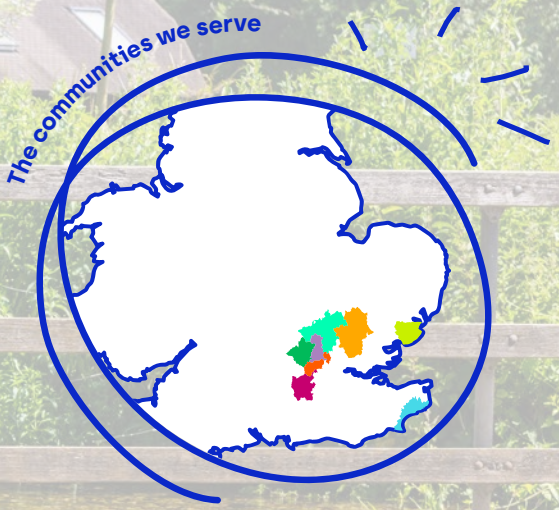
In the following pages, we set out our proposals and the increases in bills associated with them. We'd like your thoughts on what is most important to you and how and where you think we should prioritise our investments.

Ofwat regulates the investment, and the services customers receive, and it also limits the prices we can charge customers. Find out more about Ofwat's price review process here

In this document

Where we operate





What we do

Water is collected

Most of our water comes from local sources in the chalk aquifer.* Local sources of groundwater take less energy to treat and distribute compared to surface water. However, we need to leave more water in the chalk aquifer to help our globally rare chalk streams, which are under threat from the demand for water and the effects of climate change.

Water is cleaned

As we take water from various groundwater and surface sources, the quality of it can be different, so the treatment process is tailored to make sure we continue to provide the highest quality water possible.

We have some of the highest drinking water quality scores in England and Wales.

Water is stored

After water is treated we store the water in tanks or towers before making the final journey to customers' taps.

Unlike many other water companies we have limited raw water storage (such as reservoirs) in our area so we have to manage our water resources carefully.

Water is delivered to customers

We look after over 16,900km of pipework that would stretch from London to Sydney. Our network of pipes is used to deliver over 936 million litres of high-quality water to 3.8 million customers, every single day.

After water is used

We are a 'water only' supply company. This means we don't manage the wastewater after our customers have flushed it into the wastewater network, where it's treated and then returned back into the environment. Wastewater providers in our supply area include Thames Water, Anglian Water and Southern Water.

*a body of rock and/or sediment that holds groundwater

How every £1 is spent

0p

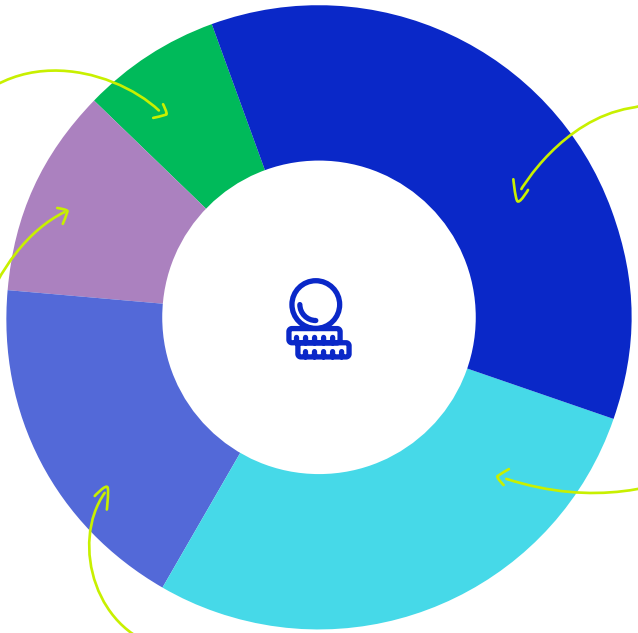
Our shareholders:
Dividends from our regulated business and interest on shareholder debt (based on 2022-23 costs)

9p

Local and central government:
Corporation tax, business rates, abstraction charges, employer's national insurance, Climate Change Levy and streetworks permits

12p

Returns to our lenders:
Returns on money we've borrowed to improve services



31p

Our infrastructure:
Investment to improve our pipes, pumps and water treatment sites

27p

Our suppliers for operating services:
Operational costs such as power and chemicals we use to clean the water we supply

21p

Our people:
Wages, salaries and pensions

Fair Tax

The Fair Tax Foundation is an independent, not for profit community benefit society. The certification scheme was launched in 2014 and seeks to encourage and recognise organisations that pay the right amount of corporation tax, at the right time and in the right place. Affinity Water has been accredited for the fifth year in a row.

How we are regulated

Since the water and sewerage industry was privatised in 1989, a regulatory framework has been in place to ensure that consumers receive high standards of service at a fair price. This framework has allowed water companies to invest more than £130 billion in maintaining and improving assets and services. The industry must also comply with relevant legislation.

The Independent Challenge Group (ICG) is a group of independent subject experts, industry regulators and independent members, with an Independent Chair. It scrutinises and constructively challenges Affinity Water on:

- The quality of its engagement with the customers and the wider communities and stakeholders it serves
- The extent to which customer priorities are reflected in what the company does
- The company's delivery against those priorities

The Department for the Environment, Food and Rural Affairs is the government department which sets policy and regulations for the water industry in England.

Ofwat is the economic regulator of the water sector in England and Wales, regulating the prices paid by customers for the services they receive and ensuring that water companies provide appropriate levels of service and maintain investment in water supply infrastructure.

The Drinking Water Inspectorate provides independent reassurance that water supplies in England and Wales are safe and drinking water quality is acceptable to consumers.

The Environment Agency regulates the amount of water taken from rivers and underground sources and the quality of the water (from our treatment processes) returned to the environment.

The Consumer Council for Water (CCW) is a statutory consumer body for the water industry in England and Wales and is the independent representative of household and business water consumers.

What our customers have told us

Over the last three years we've spoken to thousands of our customers and stakeholders to understand what's most important to them, where we need to do more and where they'd like us to invest. We've used this insight to inform our plans and, in response, have developed four ambition statements on the environment, our resilience, our customers and our communities, to guide our strategy.

"I feel top priority should be put on water main leaks as the loss of water is damaging to the environment and undermines most other savings which are made"

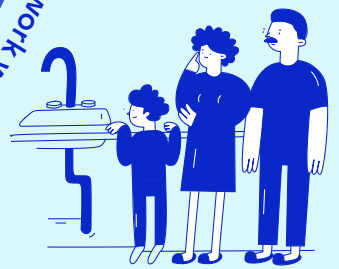
Customer, Stort community

"Improving the flow and biodiversity within the rivers is an excellent idea as the time has come to look after the environment"

Retired customer, Dour community

Our plans to deliver value

Our Strategic Direction Statement ambitions



The systems that Affinity Water will work within:

Environment
Aim: Leave the environment in a sustainable and measurably improved state.

Communities
Aim: Work with our communities to create value for the local economy and society

Resilience
Aim: Be prepared for change, and resilient to shocks and stresses.

Customers
Aim: Deliver what our customers need, ensuring affordability for all

Affinity Water

The people that Affinity Water will work with:

Our plan at a glance 2025-2030

We've explained our proposed plan for 2025 to 2030 in a bit more detail over the following pages. Take a look at our summary of the key things we plan to deliver and how much they'll cost over the next five years.

Environment

Our target is to leave the environment in a sustainable and measurably improved state.

We will:

- Deliver an investment programme that reduces the water taken from **chalk aquifers** by 35 million litres per day in the next five years
- Deliver a programme of **river restoration and catchment management** to improve the wider river environment

We've committed to:

- **Reducing operational carbon*** emissions to zero by 2030, helping to reduce the UK water sector's 2.4m tonnes of carbon per year of emissions
- £57m of **leakage reduction** totalling 22.4 million litres per day or 30% by 2029/2030 on our path to a 50% reduction by 2050

Customers

Our ambition is to deliver what our customers need, ensuring affordability for all.

We will:

- Deliver an £83m package of **water quality treatment upgrades to improve water quality further**
- Provide a broad **package of support for customers** struggling to pay, including:
  - Water assistance voucher scheme and **debt support scheme**
  - Simple reduced bill tariff scheme
  - Tariff and charges trial to support affordability
  - **Payment breaks** & payment plans
  - **Free repairs** of customer supply pipes for vulnerable customers
  - Home water efficiency checks to help **reduce water and energy usage**

What does this mean for my bill?

Everyone's bill is different depending on the volume of water they use but, to give you an idea, the average household water bill by 2025 will be £204.

With our proposed plan, the average bill will increase to £264 by 2030 (we have included an estimation of inflation in these costs)

Resilience

Our target is to be prepared for change, and resilient to shocks and stresses.

We will:

- **Reduce total water demand** by 50 million litres a day in 2030 from a 2025 baseline. This equates to a 4.5% reduction in total demand
- Install **400,000 smart meters to help customers understand and control their water usage**
- **Protect key assets from single point failures**
- **Provide additional flood alleviation** (protecting sites from climate change)
- Increase **network calming** - an important piece of work that not only reduces leakage but reduces the cost of investing in replacement pipes

Communities

Our target is to work with our communities to create value for the local economy and society.

We will:

- **Enhance** our programme of collaborative working with community and local government and charitable organisations to run local events
- **Promote** staff volunteer days to help local communities and charities
- **Improve our visitors' experience** by providing public access sites including catering and water sports by third parties and partners
- **Increase river enhancement opportunities** to support biodiversity and flood management within the Colne Valley

*the emissions associated with the operation and maintenance of the business – vehicles, electricity, chemicals etc.

Environment

Environment

End unsustainable abstraction

What is the challenge?

We operate in a supply area which is uniquely home to 10% of all globally rare chalk streams. Although we have sufficient water to serve our customers now, we can't continue to abstract water from boreholes near these rare habitats in the longer term. We need to reduce abstraction from our chalk groundwater sources and preserve these rare habitats which are vital for many species of plants and animals, including otters, kingfishers and salmon.

What we have learned from our customers:

Going beyond the minimum standards for abstraction reduction has customer support but this needs to be balanced with affordability.

Our plan:

We've already reduced abstraction from chalk aquifers by around 98 million litres per day over the last 20 years and we've monitored and learned from this in the development of our plan. We look at delivering at the best pace possible while balancing the practical limitations of how quickly we can upgrade infrastructure and introduce and treat new sources of water to allow these reductions to happen. At the same time, we focus on minimising the impact on our customers' bills.*

Through our Water Industry National Environmental Programme (WINEP) and our Water Resources Management Plan (WRMP), we plan to deliver a sustainable reduction programme that reduces the amount of water taken from chalk aquifers by 35 million litres per day by 2030 with that reduction further continuing in the future to 192 million litres by 2050. Our WRMP helps ensure these delivery reductions by introducing intra-regional water transfer options such as the Grand Union Canal (GUC) and the Thames to Affinity Transfer (T2AT), (more information can be found here).

*Please note: the cost of reducing abstractions is contained within the costs for WINEP and WRMP later in this document

Environment

Achieve Net Zero Carbon

What is the challenge?

The UK has committed to achieving Net Zero by 2050. Net Zero means not adding to the amount of greenhouse gases in the atmosphere, and, where emissions can't be fully reduced, it means offsetting these emissions. We've committed to reducing operational greenhouse gas emissions to zero by 2030 which will help to reduce the UK water sector's 2.4m tonnes of carbon per year of emissions.

What we have learned from our customers:

Concern over carbon emissions is increasing, although customers balance it with other environmental drivers, it is an important area for them. They would like to have transparency over cost and effectiveness of our solutions.

Our plan:

Our strategies to deliver this reduction cover several areas and these would add approximately £0.85 to the average bill by 2030. They include:

- Reducing our energy use by 7.5% by 2030, by replacing and refurbishing equipment and plant and using smart controls and analytics. In the last year we've already assessed 155 pumps for example, resulting in a 1% reduction of our total emissions
- We've shifted to a 100% supply of renewable energy. This means that we'll have power purchase agreements for green energy contracted for 100% of carbon emitting electricity consumed by all our pumping stations, buildings and sites
- We'll reduce or eliminate our fossil fuel use in standby generation, and replace end-of-life gas heating with electric options
- By 2030, we'll generate 10% of our energy usage from our own renewables like solar, wind or hydropower
- We'll plant 110,000 trees by 2030 and work with communities to ensure these provide wider benefits for drought and flood resilience
- Using a market-based approach, we'll work with farmers to plant cover crops on otherwise bare soil. This helps to restore soil health and depth and retain carbon
- We'll work with landowners and conservation bodies to restore over 250 hectares of chalk grassland by 2030. Much of it has disappeared with different farming practices. Bringing it back will absorb carbon and help recharge the water that goes into our globally rare chalk streams and help us manage water supplies
- Our river restoration programme also has the potential to significantly improve carbon storage and we'll develop and apply methods to assess and certify this
- We'll develop a 'blue carbon finance framework', a seagrass nursery, and trial seagrass restoration to capture carbon off our Essex coast as part of our Innovation in Water Challenge project
- Electric vehicles will replace our existing fleet as part of a phased programme of improvement. We'll also reduce mileage through use of virtual meetings as much as possible and have refurbished our offices to enable hybrid working

110,000

trees to be planted by 2030

Environment

Reducing our impact on the water environment

What is the challenge?

Fixing leaks is a key priority for us and we're working hard towards the government target for all water companies to halve leakage by 2050. We also know that leakage is a key concern for our customers and our stakeholders. They tell us we're wasting water and we need to deliver a programme that not only meets expectations but also balances deliverability with minimal disruption. This means when we make repairs and replacements we do them as quickly as possible to keep traffic and road disruption in our local communities to a minimum.

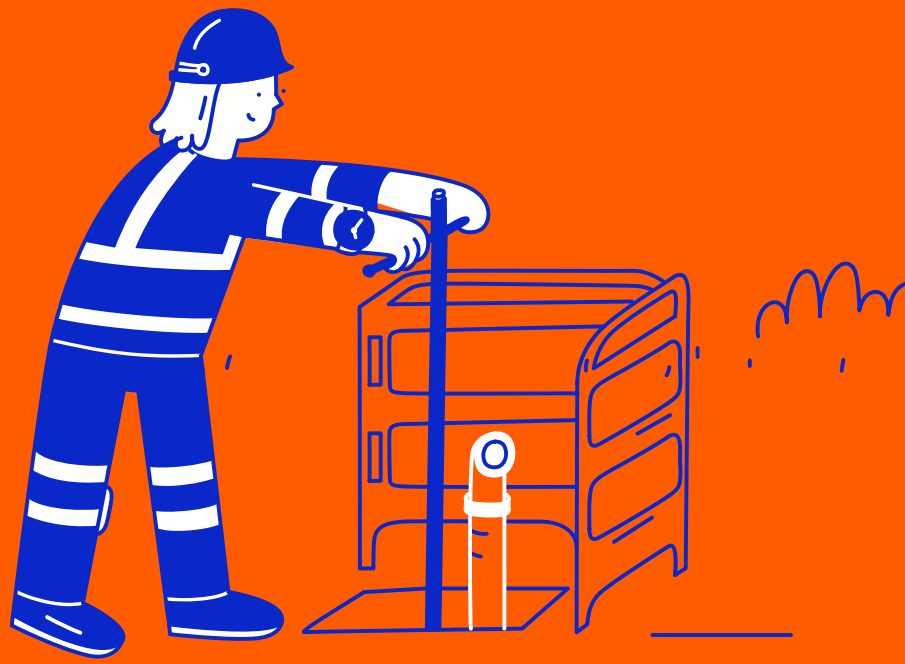
What we have learned from our customers:
Our customers are concerned about leaks and expect us to be dealing with them before handing any increased costs onto them for additional supplies.

Our plan:

Leakage reduction is a core part of our Water Resources Management Plan (WRMP) and optimising it is a very complex task and our plans include:

- Traditional 'find and fix' activities, such as leaky loos
- Using smart metering to help identify business and customer-side leaks on supply pipes and leaky loos, which we know are a key area of water loss. For example, once we identify and fix a leaky loo, we can save 400 litres every day from lost water running invisibly down the back of the pan
- Network calming - to help us spot issues before they arise. By minimising pressure changes in the network, we can reduce the amount of water leaking from our pipes as well as reducing the rate of burst pipes

Resilience



Resilience

A resilient supply of water

What is the challenge?

We face a growing challenge to ensure delivery of water to our customers and communities in the future. A growing population, climate change and ambitious targets to reduce the abstraction of water from environmentally important chalk aquifers* means we may need an extra 449 million litres of additional water by 2050. We need to plan to fill this shortfall.

What we have learned from our customers:

Most customers are unaware of the water shortages we face and the need to look outside traditional abstraction for supply. Although not their highest priority, customers rank reducing supply interruptions as 4th and reducing the need for water restrictions as 6th out of the 11 areas shown.

Our plan:

Our plan relies on a mixture of areas to improve the overall resilience of water supply for our customers. By 2030, the cost of these improvements will be about £19** on the average bill and include:

- Reducing leakage by 22.4 million litres per day by 2030 at a cost of £57m on our path to a 50% reduction by 2050
- Helping customers and businesses to reduce water consumption by 50 million litres a day in 2030, which includes the government-led water efficiency labelling of white goods
- Delivering 400,000 smart meters to help our customers and businesses to reduce their water consumption, as well as helping identify leakage on customer pipes and leaky loos
- Improving the movement of current water supplies by investing in pipes and pumps to move water from our Wey community to our Pinn community
- We'll share Ardleigh reservoir water 50/50 with Anglian Water (they currently use 70% of the supply) for our Brett community
- To provide more water for our Wey community we'll be reducing our existing export with South East Water by 10 million litres a day
- We'll begin the planning permission phases for two large strategic schemes we'll use in the long term - Grand Union Canal Strategic resource and the South East Strategic Reservoir, which will supply our central area communities. To find out more about these schemes and our wider plans for water resources please click here)

*An aquifer is a body of porous rock or sediment saturated with groundwater

**This is the cost of all elements delivered under the Water Resources Management Plan (WRMP) including abstraction reduction

Resilience

Assets that are resilient

What is the challenge?

Climate change and population growth increase stress on our aging infrastructure. We need a programme of renewal to mitigate that risk and ensure a constant supply of water for our customers. Protecting sites from the impacts of flooding or improving our cyber-security are just some of the areas that we need to invest in. Most importantly, we need to understand when investment is needed and how we can smooth out the expenditure to reduce the impact on customers' bills.

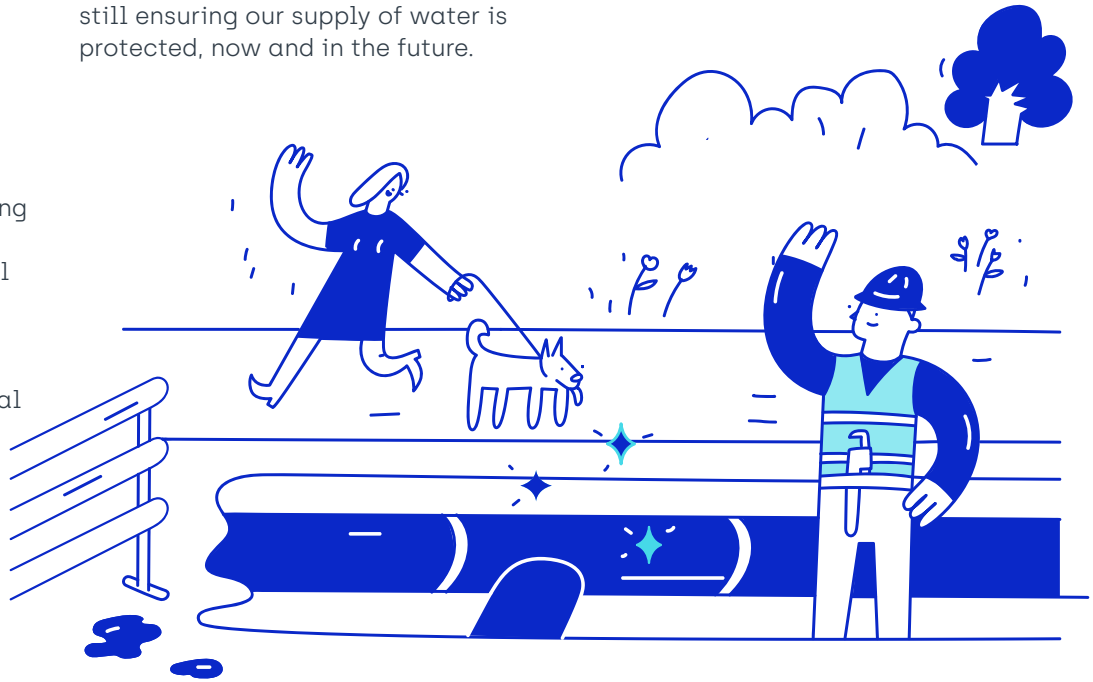
What we have learned from our customers:
Customers assume we plan for most eventualities, but they mainly connect resilience to leaks and bursts and don't automatically link a reliable supply to wider issues with resilience.

Our plan:

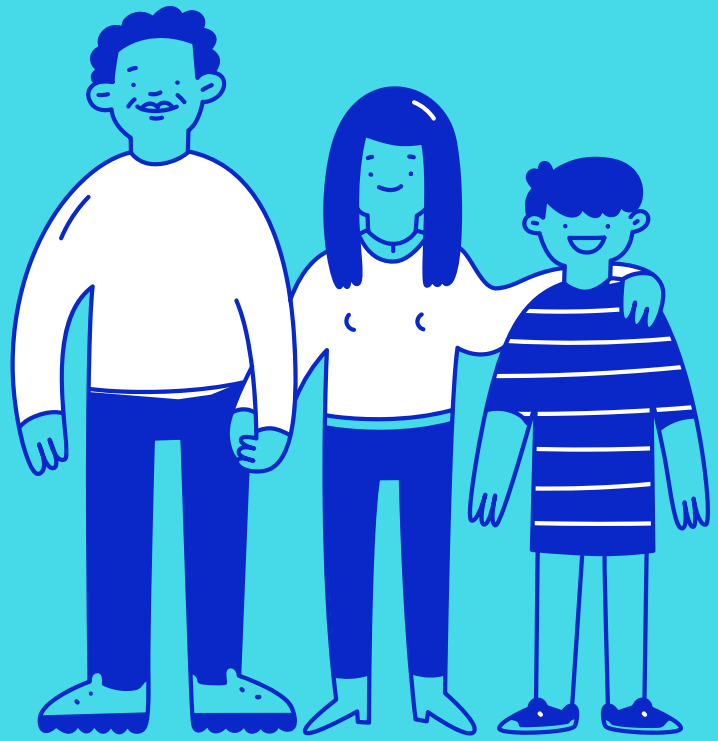
Our plan looks to address several areas. By 2030, the cost of these improvements will be about £1.83 on the average bill. This includes:

- Protecting against single points of failure - investing in places in our network that need more capacity to deal with high magnitude, low frequency events. For example, by installing standby pumps
- Flood alleviation - protecting identified sites from the increased risk of flooding due to climate change
- Enhancing the physical and cyber security of the company - improving the resilience and security of the systems that support the essential services. We focus on making crucial technical improvements and meeting stringent regulatory requirements as a Critical National Infrastructure (CNI) company and an Operator of Essential Services (OES)
- Network calming - monitoring, analysing, and acting upon changes in pressure to help the water network run more smoothly. This limits pipe damage and reduces leakage and the cost of investing in the network renewal

By balancing these items over time, we can look to minimise the impact on customers' bills while still ensuring our supply of water is protected, now and in the future.



Customers



Customers

Exceed customers' expectations for drinking water

What is the challenge?

The quality of our drinking water is regulated by The Drinking Water Inspectorate. Our dedicated operations staff and water quality experts work around the clock to ensure that the water we provide is safe to drink. We sample and analyse the water we supply at all stages of the process, from water treatment works, service reservoirs and customers' taps. We want to exceed our customers' expectations by ensuring that we meet stringent quality standards and our customers are happy and comfortable drinking their tap water in terms of taste and water hardness.

What we have learned from our customers:
Providing water that looks, tastes and smells good is a high priority for our customers. However, customer perceptions are variable, and few reach out to complain. Hardness is an issue that customers sometimes link to water quality.

Our plan:

Lead and untreated water quality are two key areas we are looking to improve. These will cost £1.43 on the average bill by 2030.

Lead - we plan to:

- Continue to replace communication pipes where customers have replaced their supply pipe
- Continue to replace communication pipes at properties where sample results exceed the level of 5 mcg/l for lead
- Extend and continue our research and development activities to explore the delivery of the high number of pipe replacements required to achieve our ambitions, at the right pace to meet our targets

Raw water quality – we plan to:

- Deliver an £83m package of work that improves our water treatment works' resilience to PFAS*, bromate and nitrates
- Undertake essential improvements at Iver and Egham water treatment works, our largest in the Central region, to meet drinking water standards

*PFAS are a family of thousands of human-made substances – nicknamed "forever chemicals" - because they do not break down in the environment, that have been widely used since the 1940s in a huge range of everyday consumer products and industrial processes.

Customers

Personalise our services

What is the challenge?

We want to understand our customers and communities in more depth, developing close relationships where possible to determine what matters to them. Metering will help enable us to charge more fairly and tailor services to those that need it most.

What we have learned from our customers:
Customers tell us they want better online access to information and more follow-ups when they do have a problem.

Our plan:

We want to improve the experience our customers receive when they contact us and we will continue to deliver a consistent approach to our customer service and focus on some key areas for improvement. Our retail services will cost £23.20 by 2030 and will include plans to:

- Deliver technological improvements – improving our mobile and web interfaces to make them easier for our customers to use if they want to contact us digitally
- Enhance communication with customers around leakage and affordability – these are key areas customers raise when we talk to them
- Use Smart Metering data to enable customers to have access to real time readings and receive support and help with usage and bill reduction
- Keep our customers informed about the services we provide, especially for those struggling to pay or in circumstances that make them vulnerable. This data will also help us to understand our customers' needs better and target our communications with them

Customers

Affordable bills

What is the challenge?

Supporting our customers who are vulnerable and struggling is crucial, as we work hard towards our ambition to achieve zero water poverty, where noone spends more than 5% of their disposable income on their water bill. We want to ensure we provide the support our customers need, making it easy for them to access a range of help and support. Our approach to supporting our customers is holistic and we'll work with a range of partners to achieve this; identifying those customers who may need help as early as possible, and not relying on them to reach out to us first.

What we have learned from our customers:
Our customers are unaware of how we can help if they are struggling to pay, and some may be reticent to reach out. They're open to more progressive billing systems, but such tariffs need to be transparent and justified. Customers support paying up to £16 on their bill to help those most in need.

Our plan:

We plan to change our tariffs, to make our customer charges fairer and help those most in need by:

- Aiming to remove rateable value as a basis for customer billing, implementing tariffs targeted at helping customers' affordability, and reducing discretionary water use
- Investigating a new Green Tariff, to enable those who wish to pay more, to support environmentally beneficial projects
- Proactively identifying customers who might benefit from the surface water drainage discount
- Applying the social tariff reduction to wastewater bills in addition to water

We plan to provide tools for customers to reduce consumption, and hence bills, by:

- Ensuring a discretionary tariff for customers who don't qualify for the social tariff but need extra use of water for medical reasons
- Enhancing our communications to customers around water efficiency, and highlighting the other costs they can save, for example, in heating water
- Creating a targeted campaign for landlords, to help them work with their tenants to reduce water usage
- Installing 400,000 Smart Meters at customers' homes to help customers identify supply pipe and internal plumbing leakage

We plan to help households maximise their disposable income by:

- Identifying households with or at risk of experiencing financial pressures and actively reaching out through targeted campaigns and one-on-one support
- Ensuring that our frontline workforce is trained to identify households in vulnerable circumstances and are able to provide advice about affordability support, priority services register and refer customers to other services

Communities

Communities

Environmental and social health

What is the challenge?

We want to work with our communities to create value for society and the local economy, reducing our impact on the water environment while building trust and transparency in the services we provide.

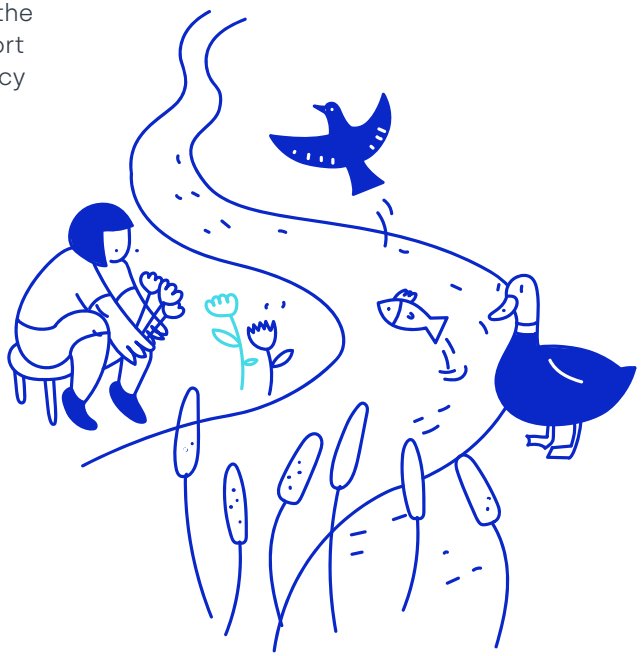
What we have learned from our customers:

Our customers put a high value on the environment and the idea of restoring rivers is popular, with some appetite to pay for this wider benefit.

Our plan:

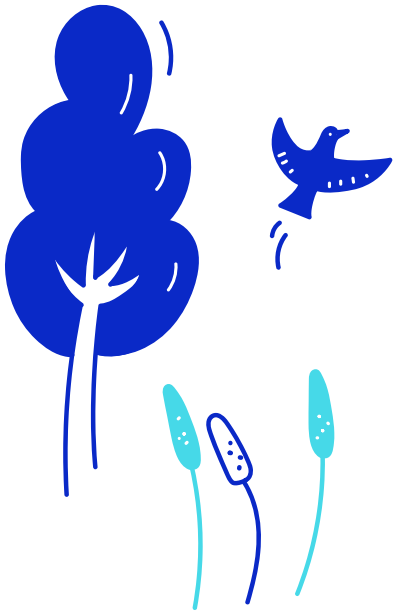
We've identified several schemes to improve the river environment, increase biodiversity across the areas we operate in and fulfill a number of environmental legal requirements through the Water Industry National Environment Programme (WINEP). The improvements identified will cost £6 on the average bill by 2030 and include:

- Biodiversity enhancements - habitat improvements on our sites to maximise biodiversity net gain
- Protecting fish and eels – upgrading screens across all our works
- Invasive Non-Native Species (INNS) management - proactive identification and management of INNS
- Drinking Water Protected Areas schemes – working with landowners and farmers to deliver catchment and nature-based solutions to mitigate pollution risks from pesticides, nitrates, turbidity, microbiologicals, etc
- Abstraction reductions - reduce abstraction in areas where there is evidence of benefits to the environment
- Catchment and nature-based schemes to deliver legal requirements - catchment initiatives, river restoration and habitat enhancement to support achievement of 'Good Ecological Status' in the river catchments we operate
- Informing future strategy by investigating the impact of abstraction and water quality pressures – analysing and using the data as a decision-making support tool to update Environment Agency groundwater models
- Augmentation of river flows - implementation and review of the use of river augmentation to support flows

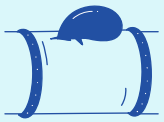


Our commitments in summary

All water companies monitor their commitments to their customers and stakeholders using Ofwat's 'common performance commitments' as a gauge. We've added in two extra bespoke commitments – reducing the average time customers experience low pressure and continuing to reduce abstraction in our rivers, through an abstraction incentive mechanism (or AIM). We think these commitments are important to our customers and we'll report annually on our progress.



33% reduction in leakage from 2019/20



100% discharge permit compliance and zero serious pollution incidents

30% reduction in average time of water supply interruptions

9% reduction in per capita consumption from 2019/20

Continue to **reduce abstraction** at times of low river flow (AIM)

Maintain **excellent water quality** performance

5% reduction in business demand from 2019/20

6% reduction in the number of mains repairs

Achieve a **top 5 industry position** for development experience

Improve the biodiversity across our land

Continued **reduction** in unplanned outage

Continue as a **leading performer** for retailers and businesses

Reduce our net operational greenhouse gas (GHG) emissions by **9%** from 2021/22

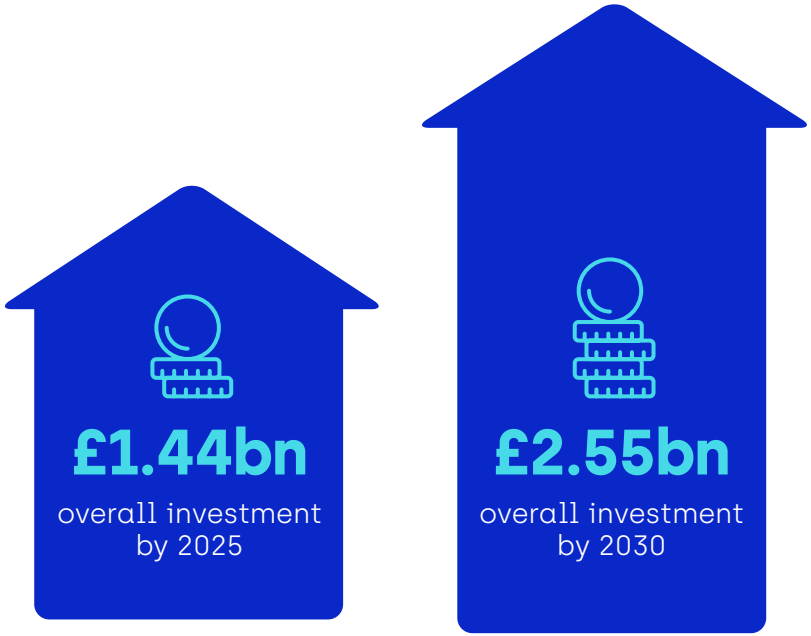
Become a **top 8 performer** for customer experience

Reduce **average time customers experience low pressure** by 30%

What do you think of our plans?

We want to know what you think about our plans. This will help us to shape our final plan, taking into account your feedback. We will carefully consider all the responses we receive. Please click here to answer the questions in our short online survey.

The plan we have set out will cost £2.55bn over the five year period. This will increase the average customer bill from £204 to £264 by 2030 or an incremental increase of £15 per year from 2025-2030.



What are your views on several aspects of our plan?

- Overall, how satisfied are you with what Affinity Water wants to achieve by 2030?
- How strongly do you agree or disagree that our 2030 plan focuses on the right areas and targets?
- What do you think is the most important part of our plan? Why?
- Which area do you think we could focus on the most and why? (environment, resilience, customers, communities).
- Which area requires the most urgent improvement and why?
- How reasonable and affordable do you feel the proposed potential bill increases are in our plan?

How to get involved

Help us shape our plans. It won't take long, and you can tell us in a number of ways:

Online:
Complete our short online survey

Come and talk to us:
Register for our live online 'Your water, your say' event

By email:
PR24consultation@affinity-water.co.uk

What's next?

We'll carefully consider all the responses we receive through this consultation and other engagement events with our customers and stakeholders and use them to help shape our plans.

Here's the timetable:

- **4 June 2023**
  consultation closes
- **6 June 2023**
  'Your water, your say' live webinar event (1)
- **3 October 2023**
  we submit our plans to Ofwat
- **October / November 2023**
  'Your water, your say' live webinar event (2)
- **May/ June 2024**
  draft determination by Ofwat
- **December 2024**
  final determination by Ofwat

Affinity Water