
PR24

NORTHUMBRIAN
WATER *living water*

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PR24 LINE OF SIGHT

NES45



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1. INTRODUCTION

We brought together all of our customer engagement for PR24 in our customer insight summaries:

- [Prioritisation of common performance commitments](#) (NES44);
- [Insight into common performance commitments](#) (NES42); and
- [Enhancements and other service area summaries](#) (NES43).

Our appendix [A7 – customer and stakeholder engagement](#) (NES08) describes our approach to customer engagement and the triangulation of this evidence. As part of this, we wanted to show how we have used this evidence to make decisions about our business plan proposals alongside other constraints. These constraints include, for example, statutory requirements, affordability, and deliverability.

This **planning triangulation** can help to show the line of sight from customer insights to our decision-making process.

Almost all the new investments we have in our business plan start from a statutory or legal requirement to take action to meet a certain outcome by a certain timeframe. We must act on these; else we would fail to meet legal requirements. However, we do have choices about how we meet the requirement, what level of risk we take in meeting the requirement or not and, in some instances, when we meet the requirement.

Wherever possible, we have used cost-benefit analysis to support our decisions. For each item of enhancement expenditure, we have created different possible options and assessed the costs and benefits of each option. We used customer valuations for these benefits, to help us to understand the options that are the lowest cost – and the options that were the best value for money, taking all benefits into account (we based these on our own service valuation work, as Ofwat’s common service valuations arrived too late. In [A4 – Outcomes](#) (NES05) we explain how Ofwat’s service valuations align to those used in this work). These benefits include common performance commitments, but also wider social and environmental benefits where we could score these.

However, we have also asked our customers about their priorities and willingness to pay for investments, which need to be considered too – and there are constraints around affordability. So, investments might be cost-beneficial but the associated bill increases are not necessarily affordable or acceptable to customers. In some cases, customers are prepared to delay investments that are needed, and accept the risk on service levels of doing this.

We must also comply with our legal requirements. In some cases, this still gives us some flexibility about how and when we do this, and we have discussed these in detail with customers. Our customers asked us to push back on some of these statutory investments where there were better value alternatives, and we have engaged extensively with the Government and our regulators on this.

We have also listened to stakeholders across our local areas, including where we work in partnership with others to design and deliver projects that can have wider benefits across our catchments and for our local communities (such as improving river water quality and protecting communities from flooding).

Finally, there are some constraints on our ability to deliver improvements in service in practice. For example, it would not be possible to tackle all storm overflows in the North East in five years, or to deliver our new water supply schemes in Suffolk any sooner. This is because there are not enough construction contractors to achieve this, and there are processes that take a long time (such as land purchases and planning permissions).

We needed to **consider all these factors together** when making our decisions. We wanted to make sure that we did this in both a top-down and bottom-up way:

- **Top-down assessment** from discussions at our Board, Water Forum, and other similar forums – informed by our customer engagement.
- **Bottom-up assessment** from our PR24 planning teams, reviewing a range of insights and making judgements on the findings to inform decisions throughout the business plan development process. This means that the business plan proposals were continually refined using the full range of insights, not just at limited decision points.

Sections **2 to 11** describe the information we used in making these decisions and summarise the rationale for our decisions and how we will measure success. Our enhancement cases explain how we tested the need for investment, the individual costs and benefits, and the options we tested and selected.

We have described this below for each enhancement case, as well as some areas where we considered if we should go further but decided that this was not the right decision for PR24.

We have used a simplified multi-criteria analysis (MCA) to make our decisions. In practice, statutory requirements and regulatory decisions dominate this analysis (that is, customer evidence cannot always be acted upon if we must meet our legal requirements).

2. STORM OVERFLOWS

2.1. KEY STATUTORY, REGULATORY, AND STAKEHOLDER INSIGHTS

The [Storm Overflows Discharge Reduction Plan](#) (SODRP) sets out our targets to improve 75% of high priority storm overflows by 2035, and to improve all storm overflows by 2050. This plan does not necessarily require us to follow the pathway set out in the SODRP for 2030 (38% of high priority sites and 14% of all overflows) but does require us to achieve year on year reductions in the amount of surface water that is connected. However, the Government has said that if they can go faster, they will – with a review in 2027.

The [WISER guidance](#) says that water companies should reduce the frequency and volume of sewage discharges from storm overflows in line with the Storm Overflow Discharge Reduction Plan. In particular, this should “[include] the extent and pace of the reductions as set out in the SODRP”.

The SODRP also says that “we expect water companies to prioritise a natural capital approach, considering carbon reduction and biodiversity net gain, as well as catchment-level and nature-based solutions in their planning” (principle 6). WISER says that we should “consider using catchment and nature-based solutions more broadly, wherever they can achieve whole or part of the environmental outcome”.

In [response to our draft DWMP consultation](#) and stakeholder engagement, CCW said that:

- “Nature-based and catchment wide solutions can represent the best value long-term solutions, and we would encourage the company to look to the long-term outcomes that can be achieved rather than adopting traditional engineering solutions that might offer an earlier output but come at a cost to the environment”.
- “The company needs to draw on the findings of customer research to establish customers’ priorities as they develop their plan... ultimately, there has to be a compromise between the company’s ambition and the impact of investment costs on customers’ bills. This should be informed by engagement with customers to establish their willingness to pay, across all areas of expenditure, and the pace with which they want to see improvement”.

Our local authorities noted that significant investment is required and asked if any proportion of these costs are being met from the business profits of Northumbrian Water. They asked us to continue to pursue partnership working to provide best value solutions and wider benefits. All stakeholders said that there needs to be a balance between providing an affordable, resilient wastewater service and delivering on environmental performance.

In our engagement with the Government and regulators, storm overflows was not identified as an area for potentially delaying investment, with all parties keen to meet the SODRP.

The media and politicians have focused on the impact of storm overflows across England and Wales, particularly the impact on bathing waters.

2.2. KEY CUSTOMER INSIGHTS

Our customers tell us that the environment is important to them. However, the reduction of storm overflows is more mixed – our [common PCs insight summary](#) (NES42) scores this a “medium” priority. In Ofwat and CCW’s preferences research in 2022, participants ranked this as “lower importance/impact” and noted that they did not feel directly affected by storm overflows. In our own pre-acceptability research, our customers ranked “tackling storm overflows which release heavily diluted wastewater into rivers and seas” 6th out of the 14 areas presented.

We asked customers whether they preferred engineering solutions or nature-based solutions and provided some indicative costs. Customers told us that they preferred a hybrid approach, taking elements of each of the approaches and ultimately creating a lower-cost, nature-based solution (see our [common PCs insight summary](#), NES42). In our DWMP research, customers said that concrete tanks were more affordable, but noted that they preferred nature-based options and wished these were more affordable.

We developed several options for each storm overflow (as detailed in our [storm overflows enhancement case](#), NES27). These looked at grey storage as well as several green and hybrid options, and we estimated costs for each.

In our pre-acceptability research, we discussed phasing storm overflows with our customers (at a potential cost of £31.48 on bills by 2030). Customers had mixed views, with some preferring to push back this investment beyond 2030, and some preferring to invest now. They asked us to look at alternative options for further discussions (see our [common PCs insight summary](#), NES42).

In our Affordability and Acceptability Testing qualitative research, we asked customers about three possible phasing options, based on our previous discussions. Customers preferred our “middle” option (which is the option we put forward in [our enhancement case](#), NES27), including the use of nature-based solutions in some cases where these were “best value” as they had additional environment and social benefits.

2.3. RATIONALE FOR OUR DECISION

We wanted to find the right balance between providing an affordable wastewater service and delivering on environmental performance. Our early assessment of customer priorities and statutory requirements showed that there was limited flexibility in the speed and type of solutions, but there would be choices to make on:

- 1) **The phasing of investment.** The SODRP sets out the number of storm overflows we should tackle by 2030 (38% of high priority sites, and 14% of all overflows), but in our [draft DWMP](#) we said that we would be prepared to push back on this pathway if our customers supported a different approach. There were also choices about exactly which storm overflows to tackle in each five-year period, particularly when to improve storm overflows that could affect bathing waters (which can be many times more expensive to improve).

- 2) **The type of solutions.** Our customers told us they preferred a hybrid approach, taking elements of both engineering and nature-based solutions. We knew that there would be some choices about which solutions to apply where, with different costs and benefits attached to each.

We wanted to test this thoroughly with our customers to consider the right balance between investment and affordability.

We did the first part of this with our customer engagement on our draft DWMP, asking customers [their views about their priorities in shaping our plan in November 2020](#) and then [their feedback on our possible options in the draft DWMP](#) in November 2022. This showed that there were divergent views, with some customers preferring the cheapest options (“least cost” storm overflows and no ambitious flooding goal) and others preferring to include the Northumbrian Integrated Drainage Partnership (the partnership of Northumbrian Water, the North East’s 14 Lead Local Flood Authorities and the Environment Agency) and “best value” storm overflows as this added better value, would be right for the environment, and would be the right choice for the future (one participant noted that storage tanks deferred the problem, but would be regarded in the future in the same way we consider combined sewer overflows now). Some customers preferred a more affordable option for now but would be open to revisiting options in the future.

This research showed that customers are divided on the right thing to do here – as citizens they support the outcomes of the more expensive options, but do not think everyone will be able to afford them. We left these options open and began to look at alternative approaches.

Customers told us they were concerned about potential bill increases, and so we provided evidence to the Government in our draft DWMP (and separate correspondence) about the potential bill impacts, and our concern that customer evidence should be considered when setting the Storm Overflow Discharge Reduction Plan (SODRP). We also asked Ofwat to support us in setting the right balance between investment and bill impacts, including taking a holistic approach across all the requirements for 2020-30. In the [final plan](#), the Government decided that these targets – and the associated bill impacts – were appropriate.

We developed a plan to improve 38% of storm overflows, in line with the SODRP. We looked at a range of feasible options for tackling each storm overflow, including green and grey solutions (these options and their development are described in our [enhancement case for storm overflows](#), NES27). We scored the benefits of each solution, using valuations from our framework which were derived directly from customer research (our [“Copperleaf valuation research”](#)). We identified the least cost and best value solutions for each storm overflow.

Our emerging costs for our draft DWMP were very high, and we looked at alternative options for tackling storm overflows. This included exploring innovative technology options for optimising our wastewater network, which we integrated into our options (this can be part of the improvements from a wider project, rather than tackling any storm overflows entirely on its own).

We then shared this plan with our customers again in our pre-acceptability research. Some of our customers wanted to push this investment back beyond 2030, where others preferred to invest now. Customers told us that although they

supported doing more than the minimum, the “must do” plan (which included storm overflows) would already be difficult to afford. As a result of these findings, we looked at a range of alternative options where we might meet the statutory requirements by either reducing costs or delaying investments until 2030-35.

We modelled different scenarios for phasing investment between 2025-30 and 2030-35, looking at thirteen alternatives. Many of these alternatives did not comply with statutory requirements, particularly the requirement to invest at Marske-on-Sea and Seaton Carew before 2030 (to comply with “no deterioration” at these bathing waters). Our remaining flexibility was on other bathing water storm overflows, where our preferred plan would tackle half of these before 2030 – these are some of the more difficult and expensive schemes and could be delayed until the 2030-35 period if customers were comfortable with these bathing water overflows not being addressed before then. We considered alternative ways of targeting storm overflows, such as looking at those that spill the most first.

Given the expectations to meet our statutory requirements, we concluded that most of these options were not feasible. We put three phasing options forward for customers to discuss and consider more:

- 1) Delaying almost all bathing water schemes to 2030-35, except for Marske-on-Sea and Seaton Carew. This would reduce the impact on bills to £21 by 2030. This formed part of our “must do” plan for our Affordability and Acceptability Testing and represents a minimum statutory investment. This would replace bathing water overflows with inland overflows (which are much cheaper).
- 2) Our “preferred plan”, which improves half of our storm overflows that could affect bathing waters in each of 2025-30 and 2030-35. This would cost £33 on bills by 2030.
- 3) Accelerate our storm overflows plans to deliver the 2035 targets by 2030. This would cost £49-50 on bills by 2030.

Each of these options had a similar impact on bills by 2035, because they phase investment over this period rather than delivering different outputs. We explained that we preferred the plan for £33 on bills because these bathing water schemes were a priority for stakeholders (including statutory requirements under WISER). These bathing water schemes are not considered “high priority” under the SODRP.

Customers supported our preferred plan in our Affordability and Acceptability Testing qualitative research, with many preferring the higher phasing option to accelerate this further. Customers strongly thought this was an important investment.

We know this ambition needs to be balanced against affordability, with many customers in our qualitative research saying that even the “must do” plan is difficult to afford (around 29% of customers in the North East). There are also constraints on deliverability, with our analysis showing that a step-up in investment will already be challenging to deliver (with other investments and other companies also improving storm overflows). The Water Forum challenged us to increase the investment in storm overflows without increasing bills further for customers.

In response, we have put forward our preferred plan in our business plan – as this seems to provide the right balance of ambition against affordability and deliverability, while meeting the statutory SODRP requirements. However, we wanted to make sure that we could increase this investment if views about affordability or deliverability change in future – or, for

example, if we find new and more efficient methods of tackling storm overflows. We have proposed an uncertainty mechanism which would protect customers if these costs are very different – and would allow the flexibility to increase the pace of the storm overflows programme before 2030 if the situation and customer views change. Customers said that they would prefer a more affordable option for now but would be open to revisiting options in the future. We expect that there could be more opportunities for partnership working during 2025-30, and our early engagement with local stakeholders (in March 2023) has shown that there are opportunities including through the Northumbria Integrated Drainage Partnership (NIDP).

In making this decision about phasing, we also looked forward through our long-term delivery strategy. With a larger investment in 2025-30 than in 2030-35, we would be able to increase the pace of the storm overflows programme in future investment periods if required – or meet other future environmental, climate change resilience, or net zero demands.

We also asked customers about nature-based and hybrid solutions for individual storm overflows. As customers had said they supported these where it was not much more expensive, we explored where this could be achieved. We identified where we could switch to better value green solutions for our plans across 2025-30 and 2030-35 – and developed a plan to reduce our storage by around 9,500m³ in 2025-30 (for an additional £41m) and 5,700m³ in 2030-35 (for an additional £31m). These green solutions are better value because they have lower embedded carbon, among other benefits (see our [storm overflows enhancement case for full details](#), NES27). Customers agreed that this was acceptable in our pre-acceptability research, and in our Affordability and Acceptability Testing qualitative research.

Our storm overflows enhancement case explains the options in more detail, as well as the benefits and how we made the choice between least cost and best value. We made our decisions about phasing and the different options in parallel with customer research, stakeholder engagement, and engineering options development – with many discussions at our Board and challenges from the Water Forum and others. This iterative approach helps us to be confident that this is the right approach.

3. ADVANCED WINEP

3.1. KEY STATUTORY, REGULATORY AND STAKEHOLDER INSIGHTS

We must reduce phosphorus loading from treated wastewater in line with the Environment Act's long-term environment targets ([WISER guidance](#)). One of the Government's key priorities in its [strategic policy statement](#) is to reduce nutrient pollution from wastewater treatment works.

In addition to this, the [Levelling Up and Regeneration Bill](#) is expected to set requirements on wastewater companies to reduce nitrogen loading from treated wastewater in areas that were designated as nutrient neutrality areas (for the North East, this is mostly the Teesmouth and Cleveland Coast protected area).

Owat and the Environment Agency invited us to propose an "Advanced WINEP", where we could use a more outcomes-based approach to deliver more for the environment and for customers. In February 2023, we proposed doing so across three areas:

- **Nutrient neutrality** – hybrid catchment and nature-based solutions (C&NBS) approach for the Teesmouth and Cleveland Coast protected area, delivering better and wider environmental benefits combined with end-of-pipe treatment to remove nitrogen from Bran Sands Sewage Treatment Works. We estimated this would cost £66m compared to a traditional solution for nitrogen removal of £342m.
- **Water Framework Directive** – we developed six schemes to deliver catchment and nature-based solutions across 30 waterbodies, with end-of-pipe solutions for seven sewage treatment works. This would aim to get all waterbodies to "good" phosphate status by 2037, with substantial wider environmental benefits. We estimated that this would cost £54m compared to a traditional solution for phosphorus removal at 27 sewage treatment works of £102m.
- **Blue spaces** – improving publicly accessible water environments in our regions (at a cost of £6m).

The Environment Agency strongly supports removing phosphorus and nitrogen and prefers a mixture of national measures and catchment-based planning. The Environment Improvement Plan includes goals to reduce phosphorus loadings from treatment wastewater by 80% from 2038, as well as noting the requirement for wastewater companies to upgrade wastewater treatment works to tackle nitrogen pollution.

Other water companies have noted that a lack of systems thinking compounds inefficiency and stifles innovation ([Wessex Water, 2021](#)) and that the nature of the WINEP has encouraged asset-based solutions as they deliver with more certainty than nature-based and catchment solutions.

The Rivers Trust (our partners in the North East Catchments Hub) say that they are "proud to be working in partnership with Northumbrian Water to co-develop catchment and nature-based schemes... this is an industry leading approach following the Ofwat guidance... allowing water companies to meet their regulatory obligations and customers' needs, while restoring and increasing natural assets to realise environmental net gains. It has our full support and we believe it could provide a

step-change for water quality improvements and wider environment recovery in the North East.” (Letter in support of our WINEP programme).

3.2. KEY CUSTOMER INSIGHTS

Our customers tell us that the environment is important to them. However, when we explore individual environmental outcomes and measures those relating to river water quality are considered to matter less, and require less investment, compared to other environmental measures ([common PCs insight summaries](#), NES42). Customers do not prioritise this as highly as investment in reliable supplies of water.

Customers supported our ambition but are not willing to pay for improved performance ([common PCs insight summaries](#), NES42).

In our People Panels research, we discussed our options for tackling nutrient neutrality across Lindisfarne and Teesmouth. Customers do not support an engineering-based approach to removing nitrogen from wastewater, because of the high cost for a relatively low impact. Customers indicated that they would support a less expensive, nature-based approach. Customers did consider this important ([enhancements and other service area summaries](#), NES43).

In our pre-acceptability research, most customers preferred to invest now to remove nitrogen using nature-based approaches. There was substantial support for nature-based solutions rather than engineering solutions. Customers noted the benefits of the cheaper option and preferred to take the risk of a later bill increase if nature-based solutions were not successful, rather than an immediate large increase ([enhancements and other service area summaries](#), NES43).

3.3. RATIONALE FOR OUR DECISION

We created the North East Catchments Hub to bring the catchment-based approach for water management to a regional level in the North East, facilitating cross-catchment working and knowledge sharing. We adopted almost all of their recommendations to develop our Advanced WINEP plan for meeting the Water Framework Directive.

Our Advanced WINEP plan for nitrogen and phosphorus provides better value at a lower cost than traditional solutions and is strongly supported by customers and stakeholders. Our Board decided that they wanted to change the conversation about WINEP, and so we have challenged the Environment Agency by providing advocacy and evidence to support our Advanced WINEP proposals – which are now included in our business plan. We discussed these proposals with the Water Forum throughout the process, and they asked us to continue to push for this.

Our business plan includes our Advanced WINEP, with some modifications as agreed with the Environment Agency as we developed these plans further. This is supported by our customer research and by our stakeholders.

However, this is not yet certain – as this requires some statutory requirements to not be applied by the Government (with catchment and nature-based solutions used instead to deliver more benefits). We have included an uncertainty mechanism

in our business plan in case these statutory requirements are enforced in future – and our customers have indicated that they are willing to support this (see 3.2).

4. NON-STATUTORY WINEP

Our non-statutory WINEP includes three elements:

- Improving Bluespaces – that is, accessible water environments. This supports the 25 Year Environment Plan.
- Northumbria Integrated Drainage Partnership - reducing flood risk by supporting local partnerships.
- Other smaller projects – gathering evidence using citizen science to support a catchment improvement plan for the Ouseburn; restoring the Roman River to support good hydrological status; and investigating river restorations to support greater resilience to climate change.

4.1. KEY STATUTORY, REGULATORY AND STAKEHOLDER INSIGHTS

These items are all “non-statutory” under the WINEP, and we are not required to do these.

We included a bespoke performance commitment for “above and beyond” improvements to accessible water environments in our 2020-25 business plan. This was because our customers expected us to work with others to improve the water environment and wanted us to focus on some aspects where we did not have traditional responsibility to improve their experience with water in the environment. Our stakeholders also expected us to show regional leadership through supporting partnership working to achieve greater improvements for the water environment. In 2017, we ran a series of partnership workshops with 91 organisations to develop our Bluespaces plans for 2020-25 – since then, we have worked with a small number of partners to deliver these. The Government’s [Environment Improvement Plan](#) commits to increasing the accessibility of green and blue spaces.

The Northumbria Integrated Drainage Partnership was formed in 2014, consisting of Northumbrian Water, the Environment Agency, and the fourteen Lead Local Flood Authorities covering the North East of England. This partnership approach has overcome the barriers associated with complex institutional and funding arrangements which divide drainage responsibilities between these bodies, housing developers, and property owners. Our partners across these organisations have told us that they support continuing with this partnership (including, for example, in their formal response to our DWMP consultation). The Government’s [Surface Water Management](#) plan highlights the importance of planning together to get the full range of information, co-design effective solutions, and make the best use of resources – and describes partnership working as one of its clear expectations.

The Government’s [Environment Improvement Plan](#) sets a target to restore 75% of our water bodies to good ecological status, and we [consulted on our own long-term delivery strategy goal](#) to make sure that 75% of our rivers achieve good ecological status. To achieve this aim, we need to understand how improvements can be made – including resilience to climate change. The Water Forum challenged us to do more to understand the impact of climate change on the environment, and we are expected to improve our understanding of climate change to mitigate risks identified in the UK Climate Change Assessment (CCRA3), as directed by WISER.

4.2. KEY CUSTOMER INSIGHTS

Our customers tell us that the environment is important to them. However, when we explore individual environmental outcomes and measures those relating to river water quality are considered to matter less, and require less investment, compared to other environmental measures ([common PCs insight summaries](#), NES42). Customers do not prioritise this as highly as investment in reliable supplies of water.

Customers supported our ambition but are not generally willing to pay for improved performance on river water quality ([common PCs insight summaries](#), NES42). Customers believed that polluters should pay, and there are mixed views on whether bill payers should pay for improvements related to environmental issues ([enhancements and other service area summaries](#), NES43).

In our pre-acceptability research, a slight majority of customers did not want to invest in environmental improvements. This conflicted with [our 2021 Water Environmental Improvements research](#) which showed that customers highly valued making investments with the aim of improving water environments for the benefit of customers and were willing to pay for improvements. Customers said they wanted to see the programme continue past 2025. In 2022, our People Panels discussed [public value](#) – with customers saying that they are broadly in favour of improvements if they can be delivered at an acceptable cost and not to the detriment of the core services we are responsible for delivering.

As part of our Affordability and Acceptability Testing qualitative research (NES49), customers discussed investment in regional flooding and supported our plan of working with the Northumbria Integrated Drainage Partnership to reduce risk of flooding of all types across the region. Customers thought that a “medium” phasing option was preferable, with a relatively low bill impact – and an important benefit in reducing flooding. Customers also noted the importance of working in partnership.

4.3. RATIONALE FOR OUR DECISION

Our Bluespaces programme has been very successful and has had strong support from both customers and stakeholders in the past. For 2025-30, though, customers expressed concerns about affordability in the context of other statutory investments. These investments are cost-beneficial under customer valuations of the benefits.

We carefully considered if we should remove this from our plan – and our “must do” plan did not include this investment. In our qualitative affordability and acceptability testing, customers strongly supported our preferred plan including our work on Bluespaces. We provided customer evidence to the Environment Agency as part of our submission to include Bluespaces within the WINEP programme. We concluded that we should include this in our business plan for 2025-30, as this has strong stakeholder support, delivers benefits for customers and the environment, supports strong partnership working across our regions and is in line with the Government Environment Improvement Plan – and customers supported this in the affordability and acceptability research.

Our Northumbria Integrated Drainage Partnership has strong support from stakeholders and is a leading approach to partnership working in line with the Government's Surface Water Management plan. Our customers supported this investment option and phasing in our Affordability and Acceptability Testing qualitative research. We concluded that this should be in our business plan.

The Water Forum supported this decision and encouraged us to include both Bluespaces and NIDP in our business plan.

5. STATUTORY WINEP

Most items in WINEP are statutory, with limited scope to phase investments. This is because they either have fixed deadlines (such as requirements to tackle septic tanks by 2028, or install monitoring by 2030), or specific deliverables (such as individual improvements or investigations).

This means that we have not asked customers in detail about individual items in statutory WINEP, only the total position (as part of our "must do" plan). We describe storm overflows and Advanced WINEP separately in this document, because there are options around when and how we achieve these – this is not the case for most of our statutory WINEP obligations.

5.1. KEY STATUTORY, REGULATORY AND STAKEHOLDER INSIGHTS

We are required to meet statutory requirements as described in the [WISER guidance](#). We have replied to consultations on technical guidance on these topics.

However, regulators have asked us to consider the deliverability and affordability risks associated with statutory WINEP projects, and the scope for phasing some of these beyond 2030. We replied in May 2023 to suggest possible changes in two key elements:

- Investments for **Farming Rules for Water** – we must invest in expensive solutions to store sludge rather than spreading to land (which has been the established practice). There are still questions about the extent to which spreading to land does create any environmental harm, and there are very wide differences across the sector in the form and quality of the product that is spread to land. We noted that this could be delayed, and instead we could investigate the extent to which spreading sludge to land does create harm, and in which contexts.
- Deliver **river water quality monitoring** differently – we noted that the WINEP approach: prescribes particular technologies that are expensive to deliver; focuses on covering all locations rather than prioritising; and drives a model where companies would own these assets even when there has been public criticism of companies monitoring their own compliance. We suggested focusing monitors in the most important locations, allowing flexibility and trialling of alternative technologies, and exploring a model for alternative delivery (such as direct procurement for customers).

We also reiterated our approach to Advanced WINEP and asked for support for our alternative approach to meeting statutory requirements (see section 3). We noted that septic tanks could also be phased if necessary.

In July 2023, the Environment Agency asked us to consider phasing further and put forward a plan that might be suitable for phasing beyond 2030 (rather than delivering in 2025-30). We suggested the following elements:

- Delays in our **septic tank** programme, where we could delay interventions at lower risk sites (where these do not cause pollution incidents).
- Delays in our **monitoring emergency overflows** programme, where we could delay more than half of this investment for lower risk sites.
- Delays in **estuarine water quality monitoring**, where we could do this by 2035 instead of 2030 (as suggested in provisional technical guidance from the Environment Agency at the time).

We discussed this phasing with the Water Forum, who indicated that these proposals looked reasonable but would have liked us to have the opportunity to do some specific testing of customer opinion which the tight timetable had not allowed. These discussions are not yet complete, as the EA has issued new guidance on parts of non-statutory WINEP – but without enough time to assess this fully before our business plan submission. We would like to carry out additional customer research to test customer views on changes to these investments.

5.2. KEY CUSTOMER INSIGHTS

Our customers rated river water quality as “low” among their list of priorities ([prioritisation of common PCs](#), NES42) and many customers would prefer not to invest at all in environmental improvements through water bills ([enhancements and other service area summaries](#), NES43).

Customers were concerned about our “must do” plan and noted that the bill increase driven by statutory requirements was high – in some cases, unaffordable ([enhancements and other service area summaries](#), NES43). They highlighted the total cost impact on the bill in relation to our “must do” plan and were willing to invest in areas that they saw as our “core” business (those that impact them directly, such as water supplies). Customers thought that areas which were considered a bonus or “nice to have” were lower priority, and best to push back to protect affordability as much as possible ([enhancements and other service area summaries](#), NES43).

5.3. RATIONALE FOR OUR DECISION

As these investments are statutory requirements, we included these in our “must do” plan throughout our customer engagement process. We replied to technical consultations from the Environment Agency and engaged with working groups to show the impact and suggest alternatives for these schemes – but ultimately, we would need to deliver the statutory requirements.

When regulators asked us to consider deliverability and affordability risks and consider investments that could be delayed, we did not have any direct customer evidence to support this decision. We looked at customer evidence of concerns about the affordability of the “must do” plan, and the key insight that customers were willing to invest in areas they saw as our “core” business.

We decided that we should propose delayed investment according to this evidence from customers – so where there were clear benefits to customers, we would retain these in our 2025-30 business plan. Where these benefits were less clear, we would propose delaying investments. This meant tackling septic tanks where this could avoid pollution incidents (which customers value highly) and tackling emergency overflow monitoring where this could have an impact on the same high risk sites that we used for prioritising storm overflow improvements. We decided that we should not delay the investments that our customers had supported, including non-statutory WINEP (see section 4).

We discussed this phasing with the Water Forum, who indicated that these proposals looked reasonable but would have liked us to have the opportunity to do some specific testing of customer opinion which the tight timetable had not allowed.

6. SEWER FLOODING

6.1. KEY STATUTORY, REGULATORY, AND STAKEHOLDER INSIGHTS

There is no national target for reducing sewer flooding, with the [Government's strategic priorities for Ofwat](#) saying that companies should work in partnership with others to support, and where appropriate invest in, flood resilience measures that secure wider benefits for them, their customers, and the wider community.

We set an ambitious goal at PR19 to eliminate sewer flooding in the home as a result of our assets and operations. We set bespoke performance commitments for external sewer flooding and repeat sewer flooding to support this.

CCW reviewed sewer flooding in their [End Sewer Flooding Misery](#) campaign, and set out a range of steps that water companies could take. This work focuses on the impact and experience of sewer flooding, rather than the levels that should be set.

6.2. KEY CUSTOMER INSIGHTS

Our triangulation of customer research priorities show that sewer flooding (both internal and external) is one of the highest priorities ([prioritisation of common PCs](#), NES41). Customer said that internal sewer flooding is inconvenient; they had concerns about the risk of sewage in homes; repeat events; and the high visibility of failures ([common PCs insight summaries](#), NES42). Customers agreed with our long-term goal to eradicate sewer flooding in the home – the highest level of agreement with any of our long-term goals ([common PCs insight summaries](#), NES42).

In our draft DWMP consultation, we asked customers about four options – and customers preferred “option 4”, which used nature-based solutions for storm overflows and reduced internal flooding risk by 90%. However, when asked about affordability customers preferred options with no reduced risk of internal sewer flooding ([common PCs insight summaries](#), NES42).

Customers were not willing to fund improvements in either internal or external sewer flooding through increased bills ([common PCs insight summaries](#), NES42). We asked customers specifically about accelerating our rate of progress on

external sewer flooding, where we are below average performance in the sector, at a cost of £1.88 per year on bills. Most customers felt that we should continue at our current rate of work rather than investing more. This was consistent with research into customer valuations, where most customers were not willing to pay anything towards improved performance ([common PCs insight summaries](#), NES42).

In our research into bespoke measures, customers supported our PR19 repeat sewer flooding measure – ranking this highest among our bespoke measures. However, 70% of customers supported financial incentives, which only just meets the threshold for customer support ([bespoke outcomes customer research](#)).

In our Affordability and Acceptability Testing qualitative research, customers supported investment in regional flooding – that is, “working with North East local authorities and the Environment Agency to reduce all types of flooding across the region”. Customers supported partnership working, including funding from other sources (see section 4 on non-statutory WINEP).

6.3. RATIONALE FOR OUR DECISION

Sewer flooding is an important issue for customers, but they are unwilling to fund improvements in either internal or external sewer flooding through increased bills. So, we have not proposed any enhancement investment to improve this performance directly. Customers supported investment in flooding in partnership with others in the region, which does have some impact on reducing sewer flooding.

We have steadily improved on internal sewer flooding – and in 2022/23, we were among the top performers on internal sewer flooding, meeting our performance commitment. We can deliver improved performance from our base expenditure and will continue to target upper quartile levels of performance (see [A4 – outcomes](#), NES05, for details).

For external sewer flooding, we did not quite meet our performance commitment in 2022/23 (3,018 incidents against a target of 3,009). We have reduced the number of external flooding incidents by 34% since 2019/20. We remain one of the worst performing companies but we are improving more rapidly than others. We are seeking to make a step change in performance, and our target for 2030 will allow us to meet the average in the sector (see [A4 – outcomes](#), NES05, for details). Customers do not support investment to go further than this in 2025-30, and so we have not included a more challenging target in our business plan (though we did test such an investment with our customers).

We set a repeat sewer flooding bespoke performance commitment at PR19, which we have outperformed each year – in 2022/23, we achieved 20 incidents compared to a target of 42. This bespoke performance commitment does not meet the Ofwat criteria for PR24, but we tested this with customers to understand their views. Customers supported the inclusion of this bespoke PC, with 70% support.

Following discussion with the Water Forum, we concluded that:

- We could not set a bespoke PC for repeat sewer flooding, as it did not meet the Ofwat criteria.

- However, we would replace this with an enhanced level of service to the small number of worst affected customers. (See [A4 – outcomes](#), NES05). This enhanced level of service is based on the CCW **End Sewer Flooding** review.

This is an improvement on the reward and penalty mechanism for bespoke PCs set at PR19, because this helps to focus financial penalties on the customers who are affected (rather than returning funding to the whole customer base). We describe our approach in more detail in [A4 – outcomes](#), NES05).

7. CLIMATE CHANGE RESILIENCE

7.1. KEY STATUTORY, REGULATORY, AND STAKEHOLDER INSIGHTS

Our [climate change adaptation](#) report sets out our assessment of climate change and our call to action. Our appendix [A8 – resilience](#) (NES09) sets out why climate change resilience is a priority for us.

Our water and wastewater systems are vulnerable to shocks and stresses from extreme weather, particularly from storms or increasing heatwaves. These risks are exacerbated by climate change. Although we can tackle some of these risks alone, infrastructure systems are increasingly interconnected and failures in one system can have major impacts on other systems – so leading to major impacts on the economy and people’s lives. The National Infrastructure Commission’s [Anticipate, React, Recover](#) report (from 2020) highlights examples of this.

The independent assessment of UK Climate Risk ([CCRA3](#)) identifies collective risks to systems, particularly the potential for cascading failures – which we experienced during Storm Arwen in 2021, where electricity grid failures led to power outages in water treatment works and pumping stations and so supplies were interrupted to many customers.

The [WISER guidance](#) identifies the risk of climate change as one of its key challenges, and says that “water companies will need to understand [the impact of climate change] and plan for the long-term across all parts of their business for a range of future climate change scenarios”.

The [Government’s strategic priorities](#) expect Ofwat to challenge us to review and understand the current and long-term flood risk to and from our infrastructure and systems, and identify opportunities to increase resilience. Ofwat set climate change adaptation as one of its key challenges for PR24, and the PR24 methodology expects us to “deliver greater flood resilience for their own infrastructure and services”.

7.2. KEY CUSTOMER INSIGHTS

Our customers have mixed views on adaptation to climate change, with younger customers and customers in our Essex & Suffolk Water area being more supportive of investment in this area ([enhancements and other service area summaries](#), NES43).

These mixed views continued through the development of our business plan. In our qualitative affordability and acceptability testing, many felt this was important to avoid future issues and protect future generations. Others questioned if the

investment was required, or if other investments would do enough to protect water supplies and quality anyway – and how much impact climate change would have in the UK. The majority of respondents in Essex and Suffolk, and around half of respondents in the North East, selected the “medium” phasing option (used in our business plan).

Some customers wanted a higher phasing option, with a perception that investment in this area was happening too late.

7.3. RATIONALE FOR OUR DECISION

Our appendix [A8 – resilience](#) (NES09) sets out the evidence and process for our assessment of climate change risks, and our proposed enhancements for 2025-30. This evidence shows that the immediate risks are from increasing storms (which can create flooding and power failures, as experienced in Storm Arwen in 2021, NES54) and heatwaves (which can affect treatment processes in some areas).

These are similar risks to those identified by stakeholders and the Government. We recognise the importance of tackling cascading failures and have worked with our local electricity company (Northern Powergrid) to identify risks and where we can address these. We also recognise the need to tackle flooding risks at our assets, which can cause failures at our assets. These risks are already having an impact.

We developed our plan for climate change adaptation by looking at where:

1. There was a high likelihood that climate change would have an impact on our services in the short or medium term (under any future climate change scenario).
2. This is likely to have an immediate impact on services – in our customer research, we identified supply interruptions from water treatment works and pollution incidents from sewage pumping stations as two of the key areas.

We set these criteria in line with customer views, as they wanted to be sure that the investment was really needed and that we could be confident that the impact of climate change would mean increased risks to services.

We asked our customers about higher investment in 2025-30, to tackle potential future risks – for example, addressing algae growth which can have impacts on water quality, filter performance, and sludge systems at water treatment works. We said that these were less certain, and that we did not think these effects would be seen in the next few years. Some customers did support these investments, but as there were mixed views, we have not included these in our plans for 2025-30.

Most of the effects from increasing temperatures are not likely to be seen in the next few years, particularly where these are effects that build over a long time from higher temperatures (rather than being as a result of a short period of unusually high temperatures). These forecasts also vary considerably, with lower climate change scenarios not necessarily requiring so much work and the potential for updated climate change assessments to indicate a different risk profile. There are likely to be further unknown mitigations that might reduce the impacts across the wider system, such as: reducing abstraction and restoring river flow; improving river water quality; or improvements in technology. The Water Forum noted that long-term

climate change scenarios still had considerable uncertainty and described for example the impact of possible shifts in the Gulf Stream.

This uncertainty suggests that a large investment programme to tackle increases in heat during 2025-30 is not necessary – we have too much uncertainty about the threats from climate change; we do not yet know what specific mitigations would be required; and there has been limited focus on technology to tackle the wider impacts of increasing temperatures on water and wastewater networks. Instead, we will need to focus on understanding these threats and the potential mitigations that will be required, as well as strengthening our innovation focus on this issue. Our appendix [A8 – resilience](#) (NES09) looks at the impacts of different climate risks in more detail, including heat and raw water quality.

Our customers supported our “medium” option (as included in our business plan). This includes investments in flooding and power resilience, as well as process enhancements for water treatment to address specific heat risks that are already happening now.

8. WATER SUPPLY AND DEMAND

8.1. KEY STATUTORY, REGULATORY AND STAKEHOLDER INSIGHTS

We must meet the requirements for our [Water Resource Management Plan](#), including meeting standards for drought resilience and reducing abstraction in our areas.

We must also meet national targets for reducing per capita consumption, leakage, and business demand as summarised in the Government’s [Environment Improvement Plan](#).

Waterwise has developed the [UK Water Efficiency Strategy](#), which sets out expectations and objectives for the water sector for 2030. We contributed to this strategy and support its objectives.

MOSL’s [strategic metering programme](#) sets out an interim metering strategy for non-households, which asks for more ambitious plans for the NHH market in final WRMPs, including large-scale smart metering. MOSL considers that access to timely, accurate, detailed consumption is the key to water efficiency in the NHH market, and recommends an accelerated approach to smart metering in 2025-30.

8.2. KEY CUSTOMER INSIGHTS

Customers consider leakage reduction to be a high priority and reducing per capita consumption to be a low priority ([prioritisation of common PCs](#), NES41). They are unwilling to fund water efficiency initiatives in homes or businesses, and many want a long-term target in line with our previous long-term target ([118 l/p/d by 2040](#)). Customers were more willing to do this as part of a wider programme of leakage, water efficiency, and metering ([enhancements and other service area summaries](#), NES43).

In our pre-acceptability testing, customers ranked “metering, encouraging water efficiency and tackling leakage to ensure we have enough water in the future” as one of the most important areas. Reducing leakage also had strong support from non-households and retailers (though not water efficiency). In our WRMP research, companies preferred reducing company-side leakage to other options (84% and 86% of participants). Customers wanted us to be more ambitious on leakage, but we do not have strong evidence that customers are willing for their bills to increase to fund reductions in leakage ([enhancements and other service area summaries](#), NES43).

Customer views on smart metering are mixed. When metering is presented as part of an overall water efficiency package it is considered a high priority, but when tested in isolation support drops ([enhancements and other service areas summaries](#), NES43). Customers have mixed support for compulsory metering in Essex and Suffolk, with some recognising the benefits of monitoring and saying that this was fair, and others saying that individuals should be able to choose ([enhancements and other service area summaries](#), NES43).

In our Affordability and Acceptability Testing qualitative research, customers thought that this was an important area of investment, and particularly focused on leakage. In Essex and Suffolk, there was some scepticism about metering. Customers supported our medium phasing option (used in our business plan) and did not want to go further to reduce leakage or install more meters. We explained that our “low” investment would mean increased risk of being forced to take more water from rivers to supply customers or needing new water supplies.

Customers challenged us to further increase our leakage performance without increasing bills.

Customers want us to reduce abstraction to allow rivers to recover. They support new pipelines over other options, and preferred a reservoir over other new supplies ([enhancements and other service area summaries](#), NES43). Customers mostly did not support desalination due to the cost and the harmful impacts of brine discharge on aquatic life.

In our Affordability and Acceptability Testing qualitative research, customers thought this was an important priority to ensure reliable supplies in the future. Many felt the medium option (used in our business plan) was appropriate as it allowed the necessary work to be carried out.

8.3. RATIONALE FOR OUR DECISION

Our WRMP sets out our rationale for choosing a mixture of supply and demand solutions, based on our customer research throughout the development of our WRMP. With separate statutory targets for leakage reduction and per capita consumption, there is limited scope for trade-off between these – so metering and water efficiency activities are still needed, alongside reducing leakage in both company networks and customer supply pipes.

In response to stakeholder and customer feedback, we increased our long-term leakage commitment in the North East from 50% to 55% (with 40% in Essex and Suffolk). Customers supported our plan for both water supply and demand options in the Affordability and Acceptability Testing qualitative research, and so we have included this in our WRMP and business plan.

We have developed our compulsory metering programme further in response to customer feedback, allowing for increased customer engagement and activities such as water efficiency and customer supply-side leakage reduction built in – to support a more complete package of leakage, water efficiency, and metering together.

Since our draft WRMP, we have developed a package of non-household water efficiency and smart metering, which will help to reduce demand from businesses (see our [demand management enhancement case](#), NES15).

9. LEAD REPLACEMENT

9.1. KEY STATUTORY, REGULATORY AND STAKEHOLDER INSIGHTS

We meet the DWI lead standard of 10µg/l through plumbosolvency control and our lead pipe replacement policy. Plumbosolvency requires phosphate dosing at treatment works.

Parliament's Environment Committee has approved a report to tighten the lead standard in drinking water from 10µg/l down to 5µg/l, as reinforced by DWI in its [Long-Term Lead Reduction Strategy](#) paper (2021).

Water UK has set an ambition to be “lead free” by 2050, and our long-term strategy matches this ambition.

The Drinking Water Inspectorate (DWI) has asked us to make a step-change in the rate of lead replacement in 2025-30, and has supported the “medium” option we put forward.

9.2. KEY CUSTOMER INSIGHTS

The removal of lead pipes is an important issue for customers, due to the potential health risks. In our research, the majority of customers included this in their “ideal” plan ([enhancements and other service area summaries](#), NES43). However, other research showed that as the replacement of lead pipes was invisible to people, people would not notice and this would not affect supplies – so it was not a top priority ([enhancements and other service area summaries](#), NES43).

Our pre-acceptability research showed that customers preferred to invest now in lead pipe replacement. We provided several alternative options, and customers preferred faster investment that would meet the Water UK long-term target. We did not identify lead replacement as a specific issue for our Affordability and Acceptability Testing qualitative research, but customers supported our preferred plan including a “medium” lead replacement programme.

9.3. RATIONALE FOR OUR DECISION

We considered three options for lead replacement – low (the same level as 2020-25); medium (an increase from 2020-25, but not matching the pace needed to be lead-free by 2050); and high (the rate needed to be lead-free by 2050). We need to demonstrate both the need for investment and customer support.

Customers supported a higher level of investment and are willing to pay for this. However, the DWI has not supported a higher level of investment and there is no statutory requirement. We are able to continue meeting the 10µg/l standard that is still the official guidance, and the DWI long-term strategy reduction paper suggests a reduction to 5µg/l by 2035 or 2040 and no detectable lead by somewhere between 2055 and 2070.

This suggests that *some* step-change in lead replacement is needed to meet the likely future changes in standards, but there is no regulatory or statutory expectation that we should increase to our “high” rate. DWI has supported our medium option.

We have considered this carefully, and our regulators would not support a “high” option – even if customers prefer this. Customers were concerned about health risks, but their concern is higher than the DWI assessment of benefits and risks would suggest, perhaps as it has been difficult to explain the effectiveness of plumbosolvency control. We did not think our customer evidence was sufficient to justify an increase above the DWI supported option, as it is likely to be sensitive to the way this issue is explained and understood. We were also not convinced that the “high” option could be delivered in practice from 2025, as the supply chain for domestic pipework would not be sufficient to deliver this work (and would take more time to increase).

We discussed this with the Water Forum, who challenged us to do more – as customers supported a higher option. In response, we increased our “medium” option to include tackling more vulnerable customers so that all of these customers would be lead-free by 2030 (according to our estimates – there are likely to still be some isolated cases we can’t find). This does not provide activity as much as the “high” option, which would have meant tackling lead in more “hot spot” local areas, but it means that our lead programme is several times larger than in 2020-25.

We expect investment in lead replacement to increase in future periods if customers continue to support this, and if regulators support a step change to achieve “lead free” by 2050. We have included all of our options and rates in our [lead replacement enhancement case](#), NES20.

At PR24, there are no mechanisms for allowing for increased activity (for example, through a bespoke ODI). However, we are open to increasing our activity levels of lead replacement further if regulators support this either at PR24 or after 2025.

10. ASSET HEALTH

10.1. KEY STATUTORY, REGULATORY AND STAKEHOLDER INSIGHTS

We are expected to maintain a resilient network, including maintaining healthy assets. Our [submission to the Ofwat Ideas Lab](#) describes our approach and the need to increase our investment, and our [asset health enhancement case](#) (NES35) describes our analysis in more detail.

10.2. KEY CUSTOMER INSIGHTS

Customers described this decision as a “dilemma between a short-term fix and a long-term plan”. Some customers were cautious about spending money before it is necessary and noted that the future was uncertain. They prioritised affordability over asset health. The majority of customers thought we should do more, noting that this could prevent costs and problems escalating in future years. They also valued safe, clean spaces for workers and communities ([enhancements and other service area summaries](#), NES43). In the North East, customers were more likely to favour bill reductions.

Customers asked for a “hybrid, middle ground” option, that focuses on where we know exactly where work is necessary now, and where this has an immediate impact on service (and safe, clean spaces). This middle ground would be more affordable now, without taking too much risk on problems escalating in future years ([enhancements and other service area summaries](#), NES43).

Investments to replace concrete tanks at service reservoirs, water treatment works and wastewater treatment works were viewed as a high priority for respondents across all regions as they relate to the main function of the company - to provide a safe water supply. Most customers included asset health in their “ideal plan” ([enhancements and other service area summaries](#), NES43).

In our Affordability and Acceptability Testing qualitative research, customers supported our “medium” investment in asset health – seeing this as keeping pace with the required level of work, while allowing a high level of investment in other areas. In Essex and Suffolk, customers often preferred a higher phasing option – which included increasing our mains replacement in this area.

10.3. RATIONALE FOR OUR DECISION

We developed our plan based on the criteria from customer engagement – that is, to focus on areas where we know exactly what work is necessary now, and where this has an immediate impact on service.

For civil assets at service reservoirs and treatment works, we have detailed inspections that show asset conditions, and we understand the impact of failures. This means these meet the criteria set from our customer engagement, as well as matching the areas where service impacts are most likely to affect customers (through supply interruptions, water quality, and pollution incidents).

This was more difficult for mains replacement, where we had less detailed information about the condition of these assets (as they cannot be readily visually inspected) and where it is more difficult to estimate the benefits of replacing a given main (or to have confidence that this targeting is effective). We prioritised civil assets as service reservoirs and treatment works in our customer engagement throughout our planning process, as these improvements were better value for customers.

As a result of our customer engagement, we have increased our expenditure on mains replacement in 2020-25 to increase the rate of replacement. The impact on service levels is less clear for individual replacements, as it is more difficult to inspect these assets directly, but it was clear that the implied asset life was much too high, and the replacement rate would need to increase. The Water Forum challenged us to consider a higher replacement rate of 1% per year, as this more closely matched a realistic asset life.

As a result of our customer research, we looked at potential options for balancing affordability against an increased investment in asset health. We explored the costs of a smaller uplift in mains renewal, as well as challenging our costs and implicit allowances for our investments in treatment works and service reservoirs.

This challenge led to us removing our enhancement need for service reservoirs and so allowing us to include some mains replacement without changing the overall level of investment for asset health – and so remaining close to the level of investment that our customers supported in our qualitative research. Our customers had challenged us to go further to tackle potential future problems including for mains replacement, and so we included this in our investment plans for 2025-30.

We have chosen not to increase our mains replacement rate all the way to 1% per year. This is because although we have sufficient evidence to show that increased maintenance is necessary for the asset class as a whole we do not know what the right efficient and economic long-term replacement rate is and we don't consider that there is currently customer support for the increased level of investment that would be required to reach this level.

11. NET ZERO

11.1. KEY STATUTORY, REGULATORY, AND STAKEHOLDER INSIGHTS

The water industry has a role in tackling the climate crisis and seeking to limit the rise of global temperatures to 1.5°C in line with the Paris Agreement. Water companies have pledged to reach Net Zero operational GHG emissions by 2030.

In line with the UK-wide target established in the 2008 Climate Change Act, we have set ourselves an even more ambitious commitment to achieve Net Zero across all our emissions (scope 1, 2, and 3) by 2050.

11.2. KEY CUSTOMER INSIGHTS

Reducing GHG emissions is a medium to low priority for our customers, though they recognise that climate change is an important issue for the UK as a whole ([common PCs insight summaries](#), NES42). Customers are supportive of our targets and in becoming carbon neutral. Many customers want us to go “beyond the basics” and invest more now to reduce carbon emissions, sooner than the legal requirements ([common PCs insight summaries](#), NES42).

However, in the context of increasing bills at PR24, customers ranked investments for Net Zero as a relatively low priority, with some willingness to pay – especially from Essex and Suffolk customers. Customers were concerned about finances and bill increases, and most customers did not want to invest in this area ([common PCs insight summaries](#), NES42).

11.3. RATIONALE FOR OUR DECISION

Our targets to meet Net Zero are still important for us to meet. However, customers were not willing to pay for these improvements (we put forward a plan to move to electric vehicles, including new infrastructure to do this). We discussed this with the Water Forum, who challenged us to look at how we could achieve this reduction in emissions in different ways or deliver this from our base costs.

We decided that without customer support, we would remove our enhancement case for Net Zero from the business plan. However, we are still investing in this. In our Environment Strategy, we set out our plans to continue decarbonising our fleet, with no new fossil fuel HGVs by 2035 and other vehicles by 2030. We will also maintain our focus on renewable energy generation.