

Appendix 2.5

OUR PLAN 2020- 2025 ESW & NWL

September 2018

A close-up photograph of two hands being washed under a stream of water from a faucet. The water is splashing, and the hands are wet. The background is a white sink with a drain.

OUR PLAN

2020-2025

ESSEX & SUFFOLK
WATER *living water*

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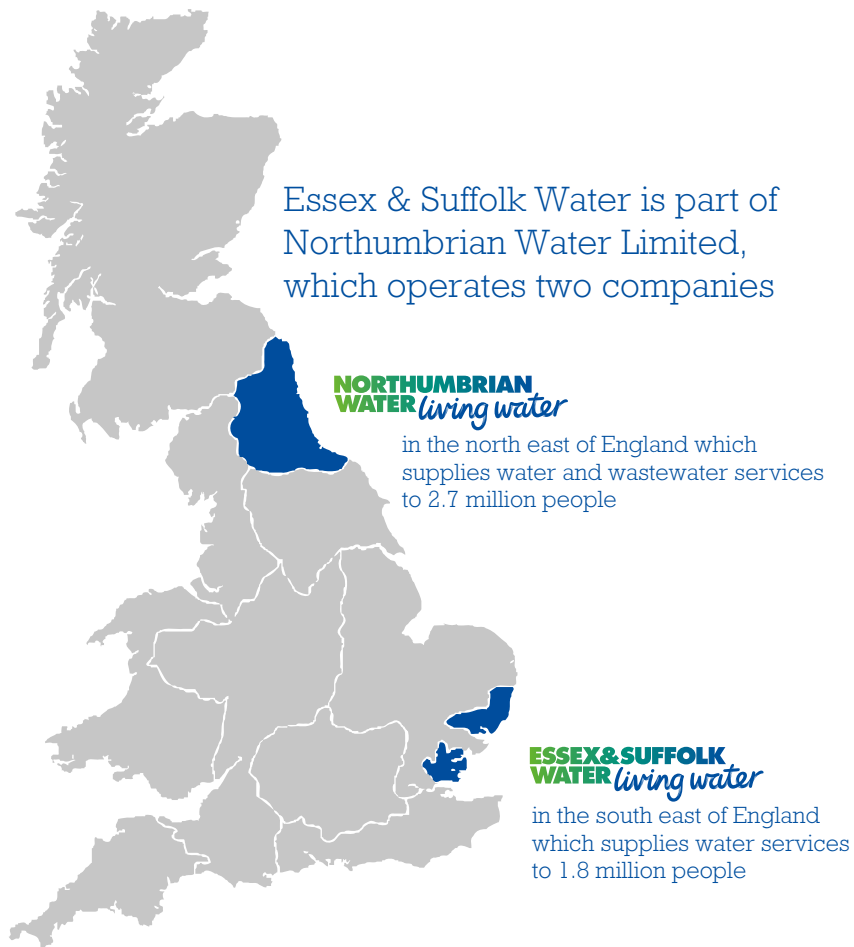
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INTRODUCTION



This document sets out our ambitious plan for 2020-2025. It has been co-created through many hours of conversations with more than 400,000 of our customers who have told us what they want from their water services.

Our plan aims to give every single one of our customers an unrivalled customer experience. This includes:

- Lower bills
- Better water services
- Improvements to the environment
- Reduced risk of things going wrong

This is your opportunity to look at our plan and tell us if you accept it. We hope you enjoy reading it and look forward to hearing your views.

Heidi

Heidi Mottram
Chief Executive





Reservoir

Community

Water treatment works

Sewage treatment works

River

Every day we supply millions of litres of water to homes, businesses, industry and other premises.

This water is drawn from reservoirs, rivers and groundwater sources. We treat it at one of our water treatment works, to make it wholesome and ready to drink, before it is delivered by a network of pipes to our customers' taps

Essex & Suffolk Water does not provide a wastewater service. Depending on where you live, either Anglian Water or Thames Water will provide your wastewater service. They are responsible for transporting used water from our customers' properties, though their sewer networks to sewage treatment works, where they make it safe to return to the environment as clean water.



SHAPING OUR PLAN



Over 400,000
customers have shaped our plan.

Through thousands of hours of conversations, our customers have told us what they want from their water services.

We have held events and workshops, talked to customers online through our 'Have Your Say' forum and reached out to customers in their communities on-board our mobile engagement vehicle, 'Flo'.

Our customers have told us what matters most to them about all the different elements of the services that we provide. Their views have shaped our plan for 2020-2025, which we are now delighted to share with you.

An independent expert panel, called the Water Forum, represents customers and has challenged us throughout the process of creating our plan to make sure we always put our customers at the heart of our decision making.



OUR PLAN 2020-2025

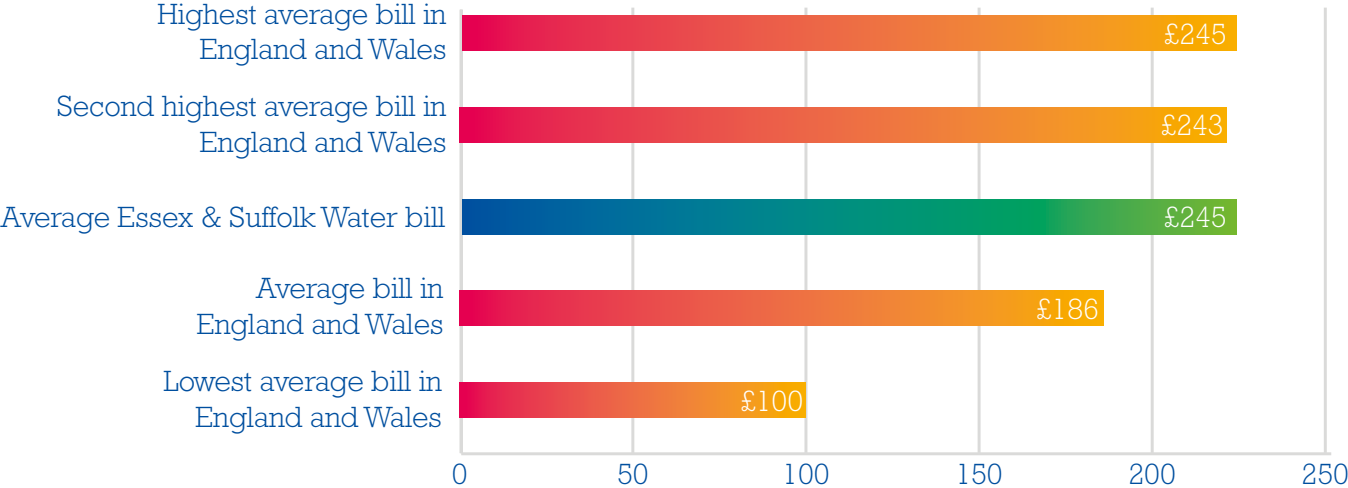
Every five years we submit a business plan to our regulator, Ofwat, who then set out what we can charge our customers for the services that we provide.

Our last business plan, covering the period 2015-2020, gave customers a bill which rose by inflation only.

We think our plan for 2020-2025 is ambitious. We have designed it so that every single one of our customers enjoys an unrivalled customer experience, with improved service, significant improvements to the environment and reduced risk of more serious problems happening in the future. This will be delivered for a 10% lower bill than our customers pay today. We can offer our customers this reduction because over the last business planning period we have worked efficiently, which meant we spent less money than we expected to. We are able to pass this saving back to our customers, between 2020-2025.

The information below will help you compare the bill you receive today against the bill we are offering you from 2020-2025.

Average Annual Water Bills in England and Wales 2017-2018
(source Discover Water)



Our current average annual water bill is:

£245

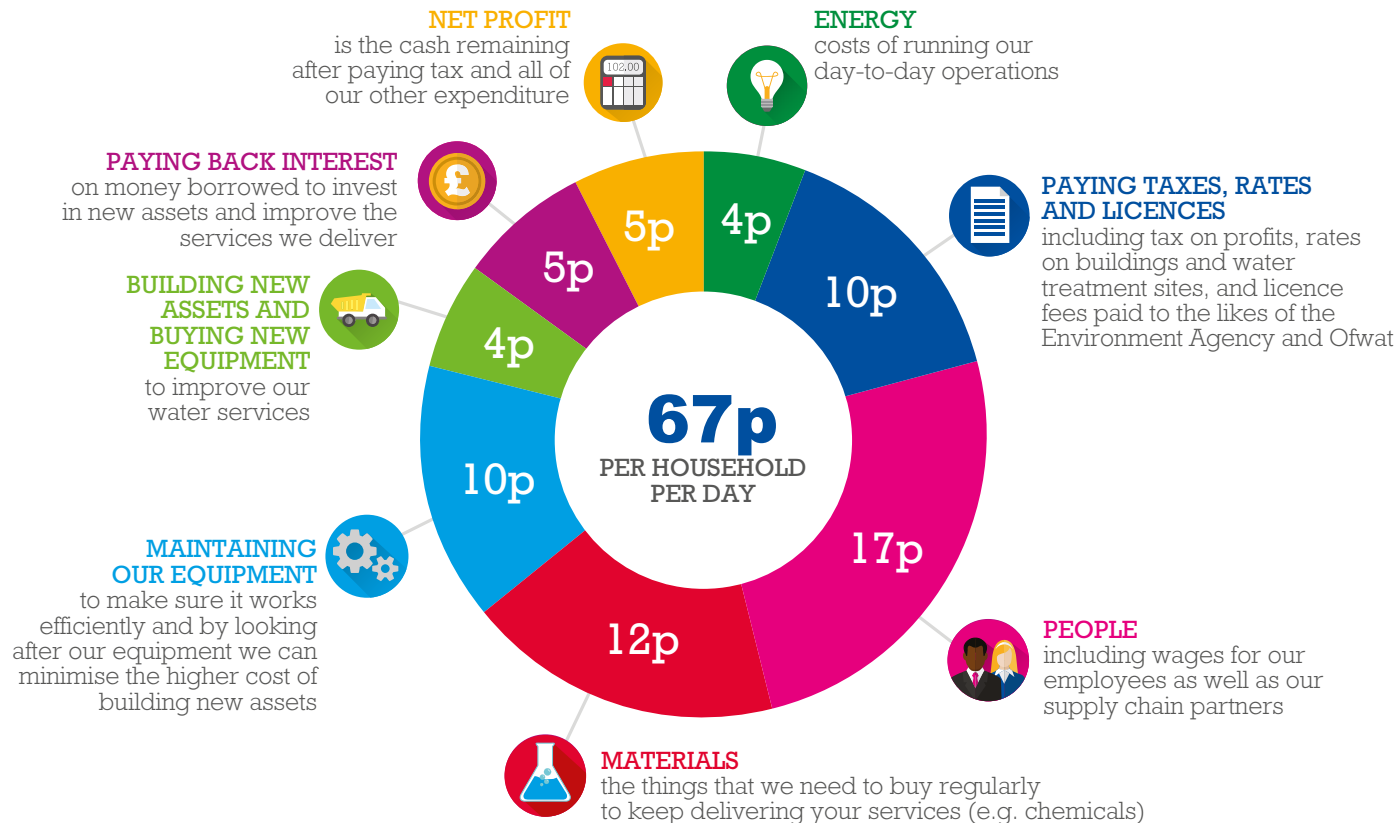
Our average annual water bill for 2020-2025 will be:

£221



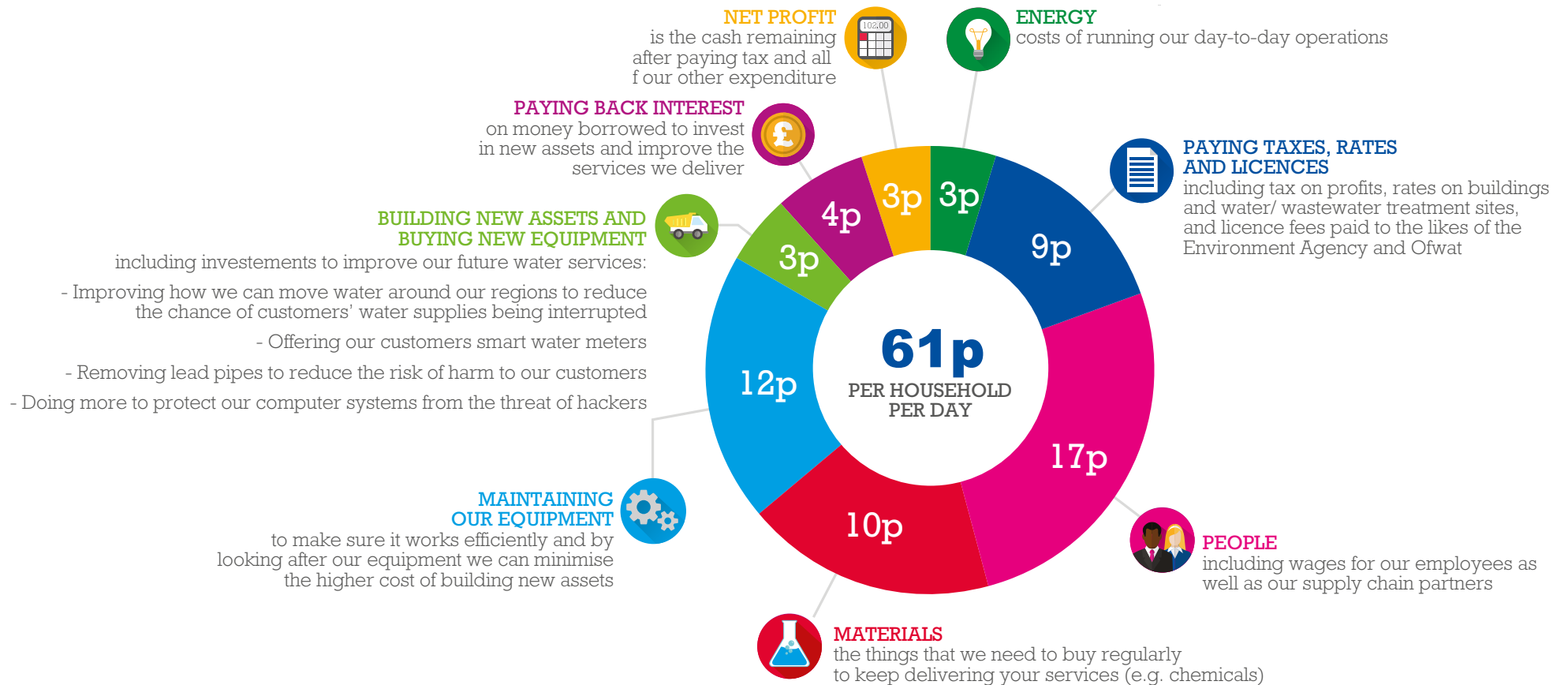
THE AVERAGE ANNUAL BILL 2015-2020

We designed the bill-breakdown below with a group of our customers to help explain where the current average water bill payment goes.



THE AVERAGE ANNUAL BILL 2020-2025

Since 2015 we have worked more efficiently and so spent less money than we had planned to. We are able to pass this saving back to you, our customers, between 2020-2025. This bill-breakdown helps explain where how the future average water bill payment will be spent.



REWARDS AND PENALTIES



The water industry regulator, Ofwat sets rules that reward water companies that deliver excellent service and financially penalise companies that deliver poor service.

All water companies in England and Wales must operate within Ofwat's system. Our customers have told us that our rewards and penalties should be placed on different aspects of our water services and improving the environment.

If we deliver excellent service in these areas we will earn a financial reward, which you and all our other customers would pay for. On the other hand, if we deliver poor levels of service, we will incur a financial penalty. This would mean that you and all our other customers would get a refund on a portion of your water bill.

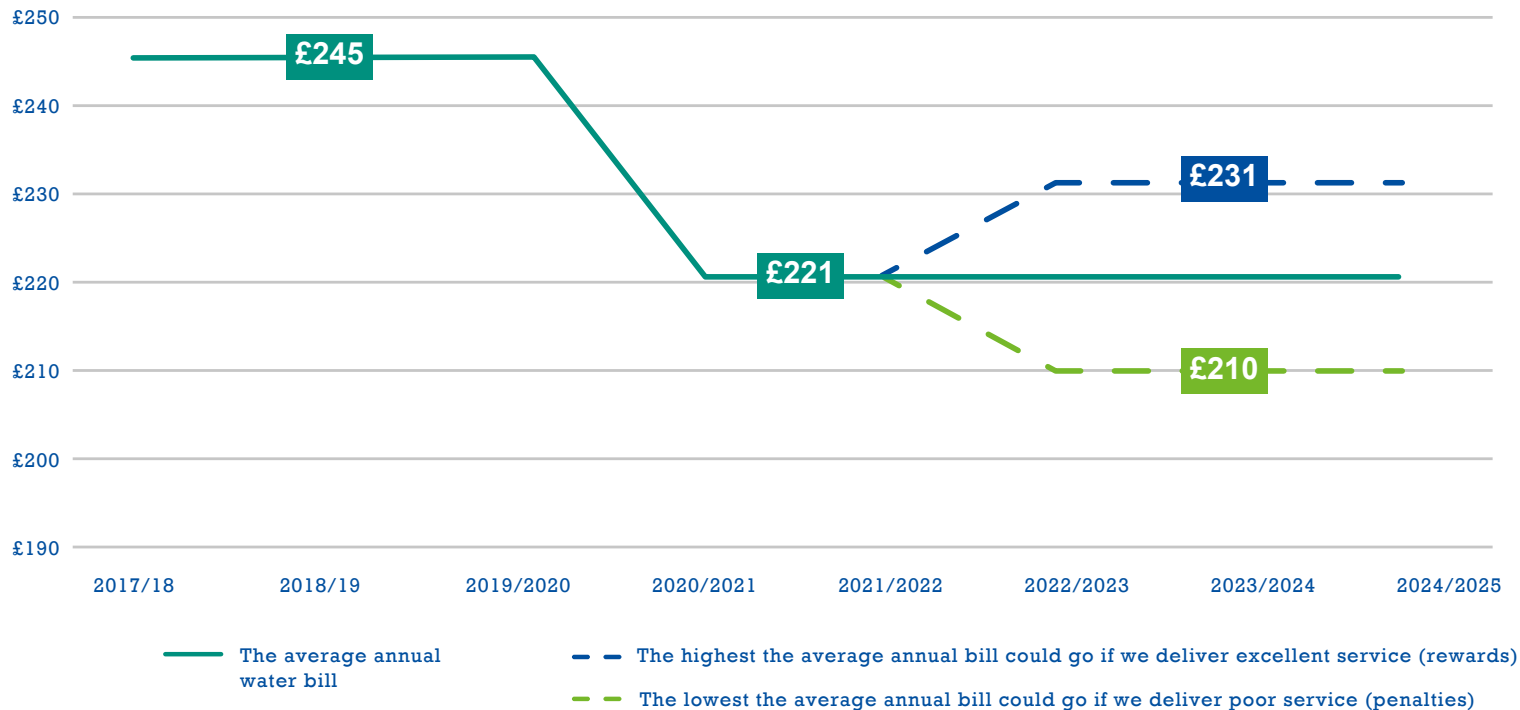
We forecast that we will receive a reward for 2015-2020 performance which will add £0.17 to the average household customer's bill. This is included within the 10% reduction we are giving customers on their bill from 2020.

The graph on the next page shows how much the average bill for 2020-2025 could increase or fall depending on how well we perform.

HOW THE AVERAGE ANNUAL BILL COULD CHANGE 2020-2025

This graph shows how rewards and penalties could increase or lower the average annual customers' bill depending on how well we deliver your services.

ESSEX & SUFFOLK WATER AVERAGE ANNUAL WATER BILL



INFLATION AND OTHER CONSIDERATIONS



Inflation (the Consumer Price Index or CPIH) is the rate at which the prices of goods and services bought by all of us rise and fall.

We don't know what CPIH will be for the period 2020-2025. The Bank of England has a target of 2% per year. This would mean an increase of around £4.90 per year on the average household water bill.

When thinking about whether or not our plan is acceptable, you may also want to consider that your household income and other household expenses may also go up or down.

YOUR WASTEWATER SERVICE

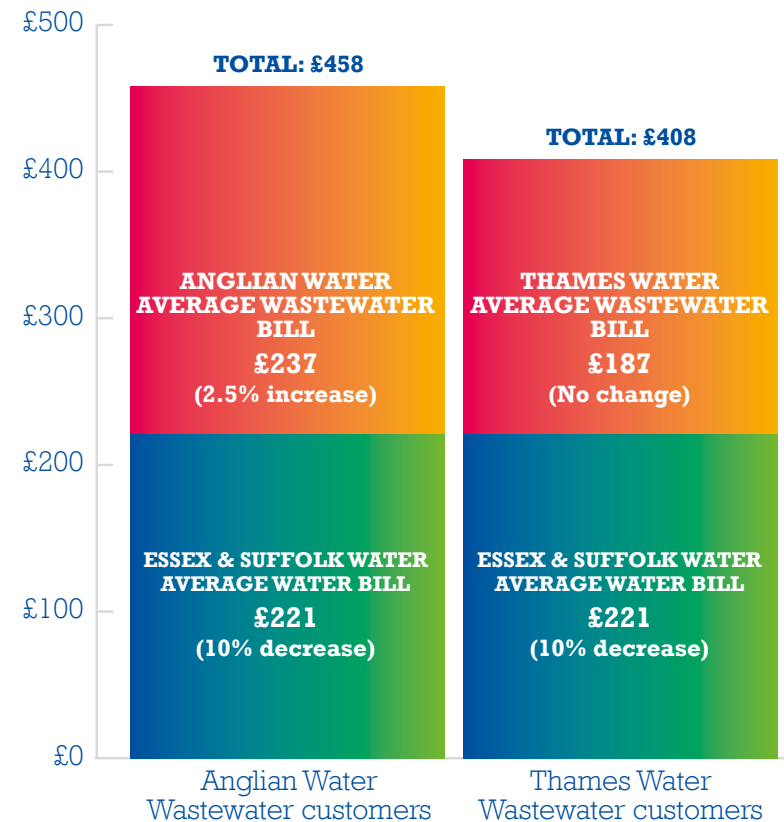
Essex & Suffolk Water does not provide wastewater services. Our customers receive these services from either Anglian Water or Thames Water, depending on the area they live.

Anglian Water or Thames Water transport our customers' used water away from their properties, through a network of sewer pipes to a sewage treatment works, where it is made safe to return to the environment.

We have spoken with Anglian Water and Thames Water about the changes they are planning to make to their customers' bills between 2020-2025.

| | |
|--|--|
| <p>ANGLIAN WATER have told us that their wastewater customers can expect an increase of 2.5%</p> | <p>THAMES WATER have told us that their wastewater customers can expect their bill NOT TO CHANGE</p> |
|--|--|

The average customer's combined water and wastewater bills by 2025



Please note: Figures quoted in this graph exclude inflation and the impact of any rewards and/or penalties

WHAT DOES OUR PLAN INCLUDE?

Services we deliver as part of our legal and statutory obligations

- Making sure our customers have enough clean water to meet their needs
- Contributing to the Water Industry National Environment Programme - the single largest national investment programme for the environment

A great core service, that we have shaped in line with what our customers have told us they want

- Unrivalled customer experience
- Affordable and inclusive services
- Reliable and resilient services
- Leading in innovation
- Improving the environment
- Building stronger economies in our regions

Investments for the future that our customers have told us they want or that we think will improve service

- Improving how we can move water around our regions to reduce the chance of customers' water supplies being interrupted
- Offering our customers smart water meters
- Removing lead pipes to reduce the risk of harm to our customers
- Doing more to protect our computer systems from the threat of hackers

A GREAT CORE SERVICE



**Unrivalled
customer experience**



**Affordable and
inclusive services**



**Reliable and
resilient services**



**Leading in
innovation**



**Improving the
environment**



**Building stronger
economies in
our regions**

UNRIVALLED CUSTOMER EXPERIENCE



Our customers tell us we provide excellent customer service and resolve issues quickly

Our customers say they feel informed about the services we provide and the importance of water

Our customers say we are a company they trust

Our finances are sound, stable and achieve a fair balance between customers and investors

OUR CUSTOMERS TELL US WE PROVIDE EXCELLENT CUSTOMER SERVICE AND RESOLVE ISSUES QUICKLY



AMBITIOUS GOAL: Deliver world class customer service

What do we plan to do?

- Make life easy for our customers
- Show each customer they are special
- Own the customer's problem and get things sorted quickly
- Keep our promises
- Talk about our great work locally

How will we measure our success?

- The satisfaction of our customers who contact us with a query or complaint
- The satisfaction of customers who have not contacted us
- The satisfaction of developers who contact us about connecting new properties to the water networks
- How quickly we respond to written complaints

OUR CUSTOMERS SAY THEY FEEL INFORMED ABOUT THE SERVICES WE PROVIDE AND THE IMPORTANCE OF WATER

Customer participation is central to the way we develop services and we have set ambitious targets to make this happen.

What do we plan to do?

- Crowd sourcing ideas and solutions
- Offering Apps to customers so that they can provide on-line, real time feedback
- Greater connection through our online communities and through wider use of our customer engagement vehicle 'Flo'

How will we measure our success?

- 80% of customers will recognise our brand and be aware of the services we provide
- 50% of customers will demonstrate an understanding of the value of water services
- 75% of schools in the areas we serve will be actively using our education resources

AMBITIOUS GOAL: Give every single customer the opportunity to have a strong voice in decisions that shape their services, with at least two million customers actively participating



OUR CUSTOMERS SAY WE ARE A COMPANY THEY TRUST

We want to be regarded as the most trusted business that our customers experience

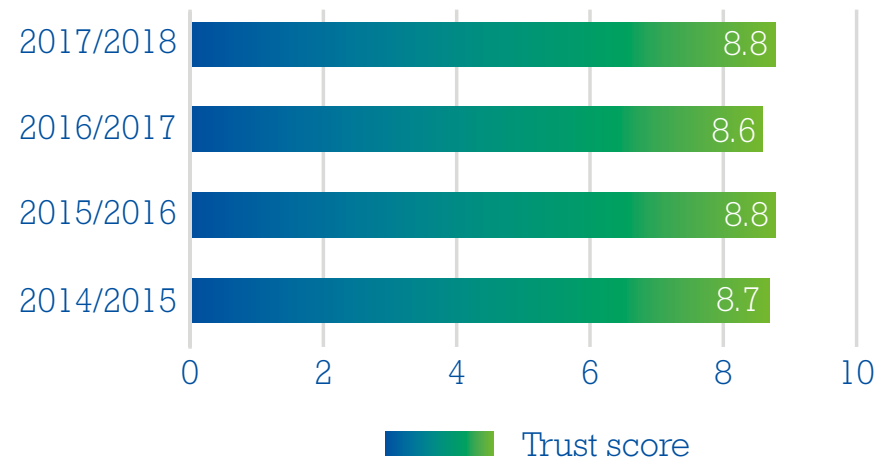
What do we plan to do?

- Help customers understand what we do
- Invite and encourage customers to shape our activities and the future direction of the company
- We are and will continue to act as a values driven, ethical business
- Respond promptly to service failures and keep our customers informed whilst we fix the problem
- Report publicly on our performance

How will we measure our success?

- We will ask 2,000 customers every year how much they agree that we are a company that they can trust
- We want to stabilise our customer trust score at 8.8 out of 10, by 2025, and increase this to 9 out of 10 by 2030

Customers agreement with the statement 'Essex & Suffolk Water is a company that I trust'. Scored from 1 (disagree) to 10 (agree)
(source: Independent market research)



OUR FINANCES ARE SOUND, STABLE AND ACHIEVE A FAIR BALANCE BETWEEN CUSTOMERS AND INVESTORS

We share any savings we make with our customers. We can offer customers a 10% bill reduction between 2020-2025. This is because from 2015 to 2020 we will have spent less money than we expected due to working efficiently.

We make sure that our customers do not experience sharp changes in their bills, or disruptions and deteriorations in their services.

How are Essex & Suffolk Water's profits set?

In September we will submit our business plan to the water industry regulator, Ofwat.

In our plan we have set out how we will invest more money for the future whilst expecting our profits to halve.



AFFORDABLE AND INCLUSIVE SERVICES

Our customers say our services are good value for money and we work hard to keep water services affordable for all



OUR CUSTOMERS SAY OUR SERVICES ARE GOOD VALUE FOR MONEY AND WE WORK HARD TO KEEP WATER SERVICES AFFORDABLE FOR ALL

AMBITIOUS GOAL: Eradicate water poverty in our regions by 2030

Any household spending more than 3% of the household's total income, after housing costs, on a water and wastewater bill is considered to be living in water poverty.

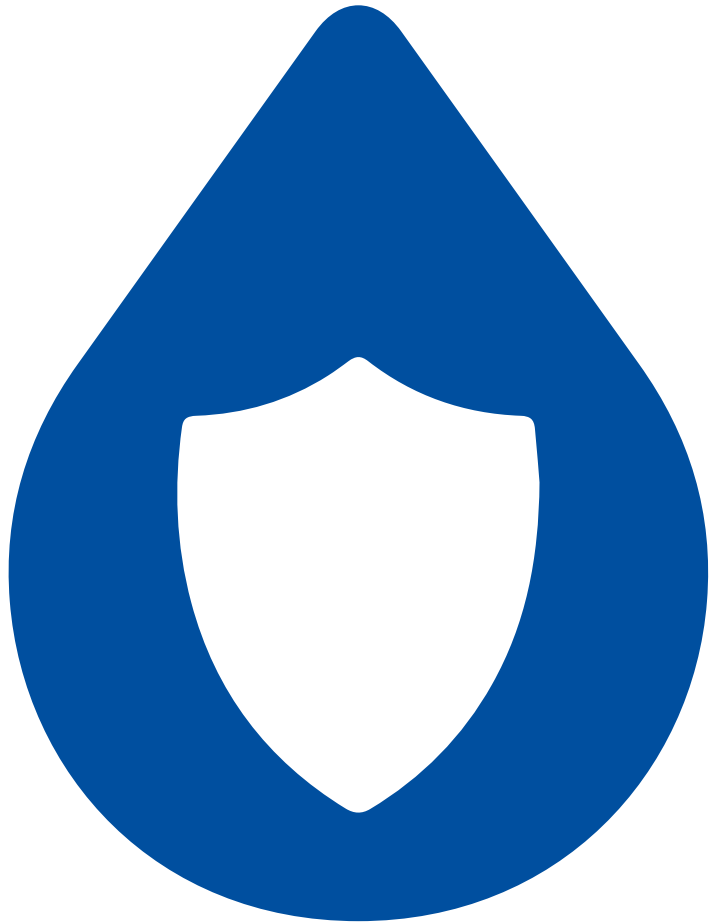
We know that a household's finances can go up and down and that some of our customers can move in and out of water poverty, depending on their circumstances at different stages of their life. We will put money back into the pockets of around 400,000 customers who need it the most, when they need it the most. This will increase these customers' disposable incomes and reduce the worries they face when it comes to paying essential household bills and putting food on the table for their families.

How will we measure our success?

- Reduce the percentage of our customers in water poverty from 21% to 7% by 2025
- Managing customer accounts as our customers move to and from their homes
- Raise awareness of our additional financial and non-financial support services
- Increase the satisfaction of customers who receive additional financial or non-financial support



RELIABLE AND RESILIENT SERVICES



Our drinking water is clean, clear and tastes good

We always provide a reliable supply of water

We are resilient and provide clean drinking water now and for future generations



OUR DRINKING WATER IS CLEAN, CLEAR AND TASTES GOOD

AMBITIOUS GOAL: 9 out of 10 of our customers will choose tap water over bottled water

Discoloured water contacts

We measure the number of customers who contact us because their drinking water is discoloured.

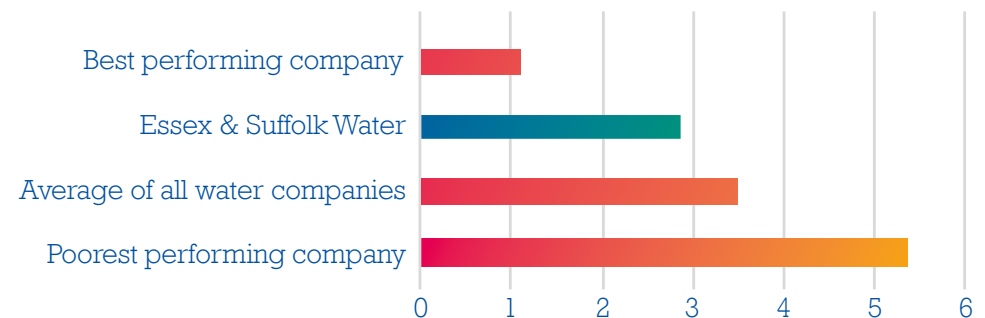
We want to reduce the number of contacts we receive by 20% by 2025.

Taste and smell contacts

We measure the number of customers who contact us because their drinking water's taste or smell is unsatisfactory.

We expect to maintain our position in the top 25% of water companies in England and Wales throughout 2020-2025.

**Number of times companies were contacted by customers about their water's taste / smell (per 10,000 people supplied) 2016
(source Discover Water)**



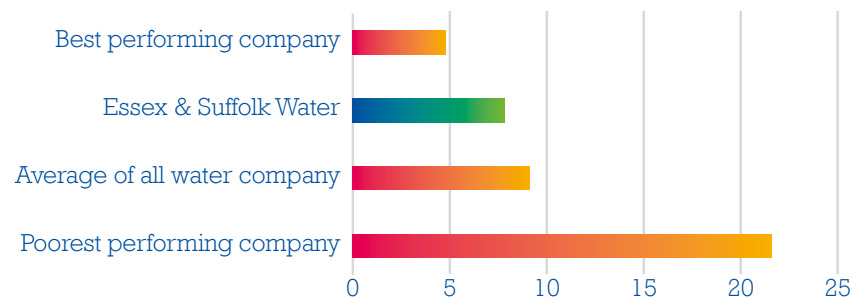
WE ALWAYS PROVIDE A RELIABLE SUPPLY OF WATER

AMBITIOUS GOAL: As the Essex and Suffolk operating area is water stressed, it will have the lowest levels of leakage in the country

Leakage

Our target is to reduce leakage by 17.5%

Cubic metres of water leaked per kilometre of main per day
The volume of water leaked from company's pipes in England and Wales compared to the overall length of water pipes the company has (source Discover Water)



From 2020 we will significantly reduce the time it takes us to repair a visible leak, including those reported by our customers. This will reduce the length of time a leak is left running for, which reduces wasted water. We will measure the time taken to repair visible leaks from the time of the initial report to when the leak is fixed.

Our target is to be 50% better than we were at 2016/17 by 2025. Reducing the time it takes us to fix a reported leak from six days to three.

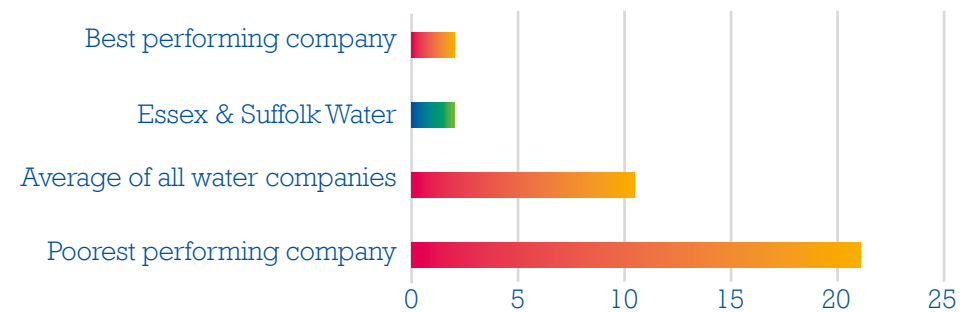
AMBITIOUS GOAL: To have a Per Capita Consumption for water use in our regions of 118 litres per person per day by 2040

Interruptions

We measure the total duration of all water supply interruptions lasting three hours or more and divide the total time by the number of properties we supply. This gives an average interruption time per property in minutes and seconds.

We are one of the best companies for average interruptions time in England and Wales and want to continue being so.

Average minutes lost due to supply interruptions (per total properties served) 2016-17
(source Discover Water)



WE ARE RESILIENT AND PROVIDE CLEAN DRINKING WATER NOW AND FOR FUTURE GENERATIONS

Resilience for our customers means a strong, reliable and affordable service that will stand the test of time, cope with change and bounce back from difficult situations.

From 2020 we will focus on:

1. Improving how we can move water around our regions to reduce the chance of customers' water supplies being interrupted
2. Always making sure that local communities have sufficient water to meet their needs.
3. Reducing the risks of hazards like climate change and extremes of weather impacting on our ability to maintain water services to customers.
4. Managing the risks of cyber-attack on our water systems, which are essential for society and the economy to function.
5. Increasing our ability to respond to and recover from long-term interruptions to the water supply which could impact up to 100,000 customers

How will we measure our success?

- We will continue to make sure that none of our customers are at risk of supply restrictions in a 1 in 200 year drought.
- We will reduce interruptions to water supply lasting longer than twelve hours



A major incident in the Essex & Suffolk Water area

In December 2017 we discovered that the amount of water released from one of our treatment works and the amount arriving at a pumping station differed and we were losing 10 million litres of water per day. Our technicians checked ditches and river crossings and within the hour they had located a burst water main which was releasing drinking water into the river.

We stopped the leak within two hours and provided the village of Rettendon and parts of Runwell (near Chelmsford) with an alternative supply of water whilst we repaired the main. The frozen ground was difficult to dig into so it took us four days to repair the main and restore the usual supply. But despite heavy snow fall, no customers went without water during this repair.



LEADING IN INNOVATION

We are a leading, efficient and innovative company that is always ready for change



WE ARE A LEADING, EFFICIENT AND INNOVATIVE COMPANY THAT IS ALWAYS READY FOR CHANGE

AMBITIOUS GOAL: To be leading in innovation within the utilities sector and beyond

Innovation is a crucial part of how we will deliver an unrivalled, inclusive and affordable customer experience and provide water and wastewater services that are reliable and resilient.



OUR ANNUAL INNOVATION FESTIVAL

Our annual innovation festivals take societal and environmental problems and applies design thinking techniques to try to solve them in five action packed days.

Two outputs of our 2017 festival were:

- Hacking away at leakage:
Essex & Suffolk Water are working with data professionals to reduce leakage. We have identified that by focusing on 50 out of our 450 water supply zones we could reduce leakage by 9% - 6.3 million litres per day
- 'Alexa, pay my water bill':
We are working on giving our customers the ability to pay their water bills, change account details and get advice all by chatting with 'Alexa'.

UTILEYES

We have recently launched a new App that helps us 'see through the eyes of our customers'.

When a customer calls us to report a problem or ask for an inspection, we ask if they would like to download our Utileyes App. It allows us to access the caller's smartphone camera, with their permission, to see what the customer is looking at. We can then capture real time footage or still photographs of their issue.

Utileyes helps reduce the number of visits we have to make to rectify a problem and speeds up the time it takes to resolve the issue.



IMPROVING THE ENVIRONMENT

We take care to protect and improve the environment in everything we do, leading by example



WE TAKE CARE TO PROTECT AND IMPROVE THE ENVIRONMENT IN EVERYTHING WE DO, LEADING BY EXAMPLE

We will work with partners to improve the quality of the environment in a number of areas.

Our targets for 2025:

- We will maintain or improve the natural environment (including trees, plants, animals, fish, and insects) on the land that we own and support others to do the same
- We will reduce the amount of carbon we consume by 16.5%
- We will work with partners to improve 50km of the accessible water environment for the benefit of customers and communities
- We will establish a Green Fund from 2020. This will allow our customers to voluntarily support investment in improvements to the environment
- We aim to meet our statutory obligations as well as contributing to the Water Industry National Environment Programme - the single largest national investment programme for the environment. Our aim is to make sure that our customers' money will be invested on well-justified schemes that will deliver real and measurable improvements to the environment



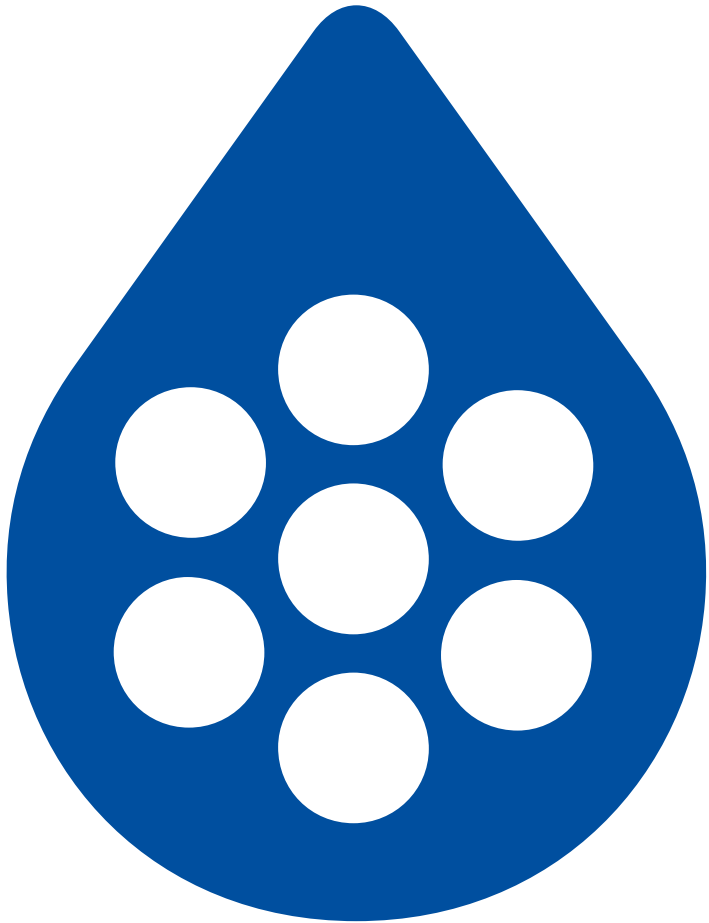
AMBITIOUS GOAL: To be leading in our sustainable use and enhancement of natural resources, and will have zero avoidable waste by 2025 and be carbon neutral by 2027.

AMBITIOUS GOAL: We will deliver net gain for biodiversity in our regions

BUILDING STRONGER ECONOMIES IN OUR REGIONS

We are proud to support our communities by giving time and resources to their important causes

We work in partnership with companies and organisations to achieve the goals that are most important to our customers



WE ARE PROUD TO SUPPORT OUR COMMUNITIES BY GIVING TIME AND RESOURCES TO THEIR IMPORTANT CAUSES

AMBITIOUS GOAL: Be the most socially responsible water company.

AMBITIOUS GOAL: Have 60% of our spend with suppliers in our regions.

Our employee volunteering programme, Just an Hour, enables Essex & Suffolk Water employees to contribute to communities by doing things like helping to make environmental improvements or by supporting local groups. Since the launch of the scheme in 2002, our employees have given more than 100,000 hours to the communities we serve.

We have two flagship community schemes designed around water:

1. Every Drop Counts helps whole towns to use water wisely
2. Water without the Worry supports our customers and communities to seek additional help and support when they need it most.



WE WORK IN PARTNERSHIP WITH COMPANIES AND ORGANISATIONS TO ACHIEVE THE GOALS THAT ARE MOST IMPORTANT TO OUR CUSTOMERS

We have a small number of flagship partners who complement our vision and our purpose, and work with us creatively to deliver our customers' priorities

1. StepChange is a national debt charity which we work with to support customers who may be struggling to pay their bill. We directly refer customers to StepChange for free, confidential debt advice and solutions.
2. National Energy Action is our strategic partner in supporting our ambitious goal to eradicate water poverty from our regions.
3. We have recently launched 'Refill' which is our campaign to reduce single use plastics by encouraging people to refill their water bottles at public points with tap water. We have recruited around 300 businesses in our operating areas as Refill points and will increase this to 1,500 by 2020.
4. WaterAid improves access to safe water, sanitation and hygiene in 37 countries. Since we helped to establish WaterAid in 1981, more than £5 million has been raised through our employee fundraising committee and support from our customers and partners.



OUR PLAN FOR YOU



**Unrivalled
customer
experience**



**Affordable
and inclusive
services**



**Reliable
and resilient
services**



**Leading in
innovation**



**Improving the
environment**



**Building stronger
economies in
our regions**

Thank you for reading about our plan for 2020 to 2025.

To summarise, in our proposed plan we will make improvements to the services you receive between 2020 and 2025, and will also reduce the risk of more serious problems happening in the future. Our plan is built on what customers have already said is important to them and will be delivered for a lower bill than you pay today.

On the basis of this information, do you accept Essex & Suffolk Water's plan?

- Yes – I accept the plan
- No – I don't accept the plan
- Don't know

ESSEX & SUFFOLK
WATER *living water*

The background features a vibrant color palette of blue and green. Large, organic, flowing shapes in these colors create a sense of movement and depth. Interspersed within these shapes are several sets of parallel diagonal lines, also in blue and green, which add a dynamic, textured quality to the overall composition.

A young child with blonde hair, wearing a bright yellow raincoat and red and white striped boots, is playing in the ocean surf. The child is smiling and has their arms outstretched. The background shows the ocean and a cloudy sky.

OUR PLAN

2020-2025

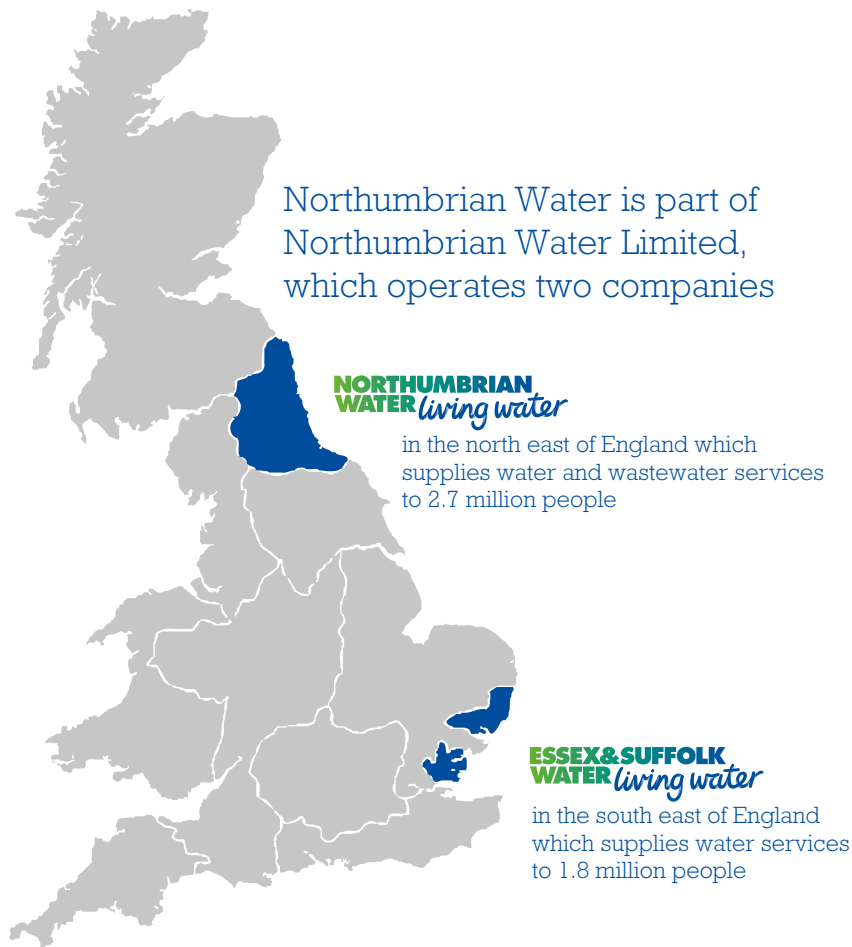
**NORTHUMBRIAN
WATER** *living water*

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INTRODUCTION



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Our plan aims to give every single one of our customers an unrivalled customer experience. This includes:

- Lower bills
- Better water and wastewater services
- Improvements to the environment
- Reduced risk of things going wrong

This is your opportunity to look at our plan and tell us if you accept it. We hope you enjoy reading it and look forward to hearing your views.



Heidi Mottram
Chief Executive





Reservoir

Community

Water treatment works

Sewage treatment works

River

Every day we supply millions of litres of water to homes, businesses, industry and other premises.

This water is drawn from reservoirs, rivers and groundwater sources. We treat it at one of our water treatment works, to make it wholesome and ready to drink, before it is delivered by a network of pipes to our customers' taps.

We transport wastewater from our customers' properties, though our sewer network to sewage treatment works, where it is made safe to return to the environment as clean water.

We are proud to be the only water and wastewater company in the UK to use 100% of the sludge left at the end of the sewage treatment process. Firstly, we use it to create renewable electricity and gas, and then we sell the leftover by-product to farmers who use it to fertilise their crops.

Our mobile customer engagement vehicle 'Flo' at the Great North Run, September 2017



SHAPING OUR PLAN



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An independent expert panel, called the Water Forum, represents customers and has challenged us throughout the process of creating our plan to make sure we always put our customers at the heart of our decision making.



OUR PLAN 2020-2025

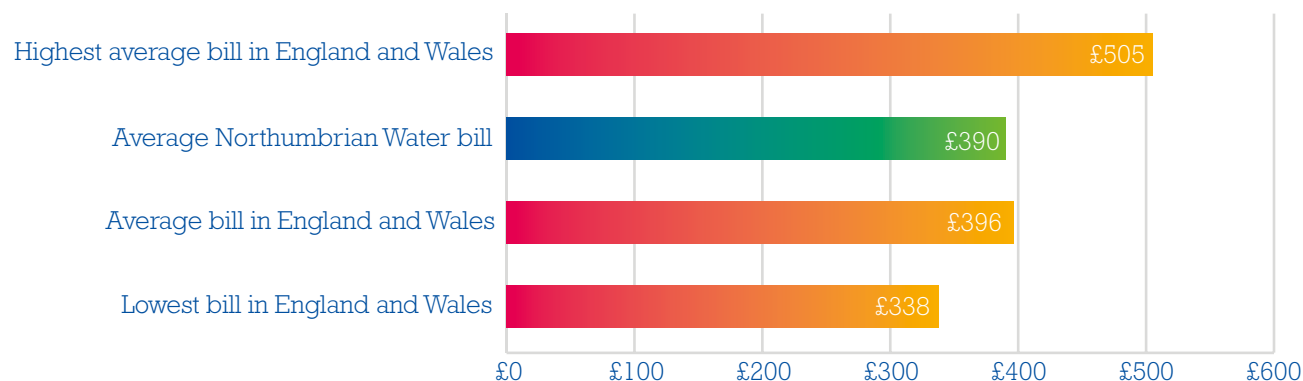
Every five years we submit a business plan to our regulator, Ofwat, who then set out what we can charge our customers for the services that we provide.

Our last business plan, covering the period 2015-2020, gave customers a bill which rose by inflation only.

We think our plan for 2020-2025 is ambitious. We have designed it so that every single one of our customers enjoys an unrivalled customer experience, with improved service, significant improvements to the environment and reduced risk of more serious problems happening in the future. This will be delivered for a 10% lower bill than our customers pay today. We can offer our customers this reduction because over the last business planning period we have worked efficiently, which meant we spent less money than we expected to. We are able to pass this saving back to our customers, between 2020-2025.

The information below will help you compare the bill you receive today against the bill we are offering you from 2020-2025.

Average Combined Annual Water and Wastewater Bills in England and Wales 2017-2018
(source Discover Water)



Our current average annual water and wastewater bill is:

£390

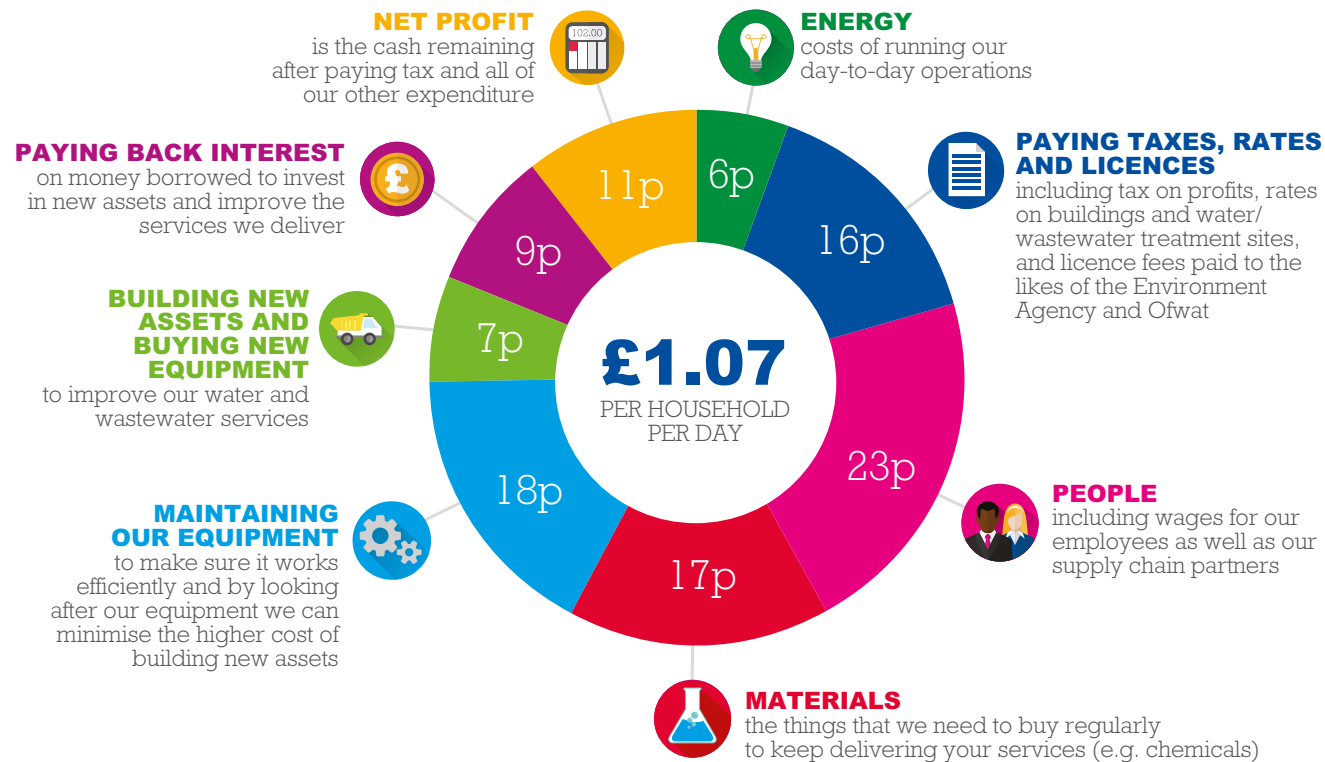
Our average annual water and wastewater bill for 2020-2025 will be:

£351



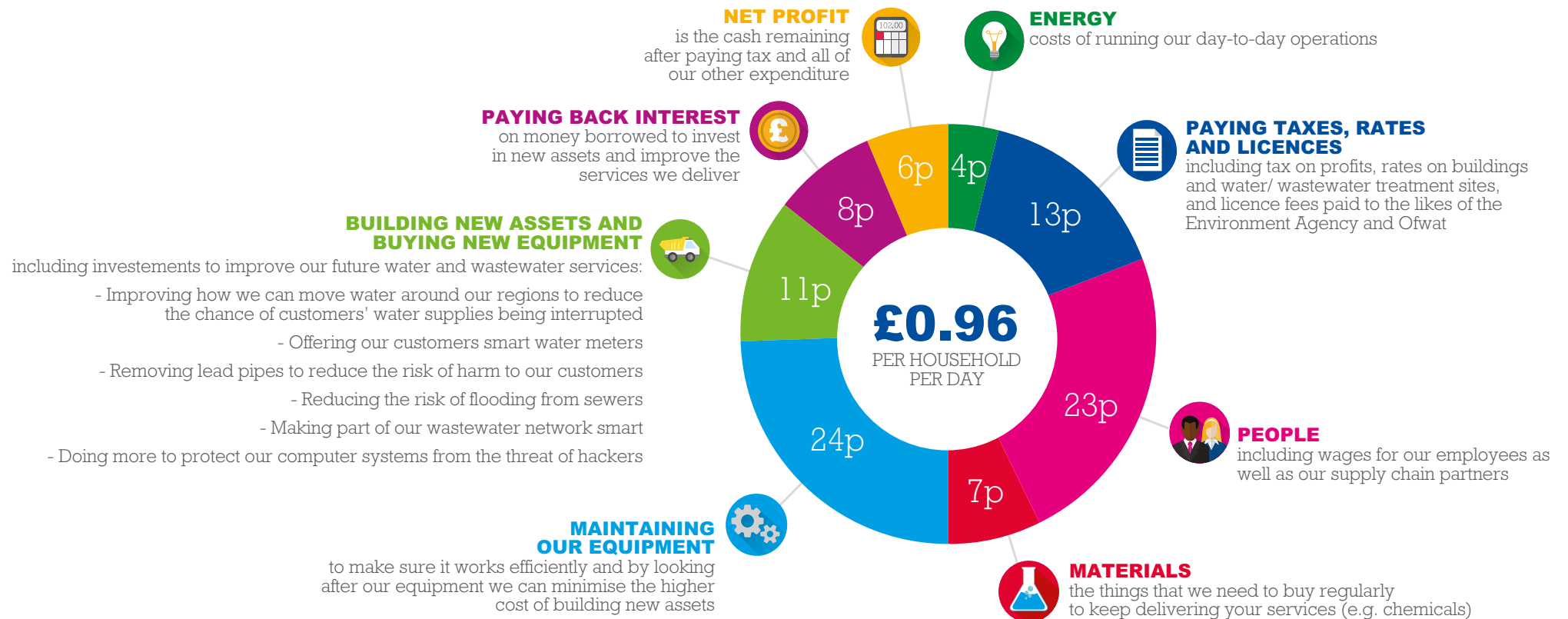
THE AVERAGE ANNUAL BILL 2015-2020

We designed the bill-breakdown below with a group of our customers to help explain where the current average water and wastewater bill payment goes.



THE AVERAGE ANNUAL BILL 2020-2025

Since 2015 we have worked more efficiently and so spent less money than we had planned to. We are able to pass this saving back to you, our customers, between 2020-2025. This bill-breakdown helps explain where how the future average water and wastewater bill payment will be spent.



REWARDS AND PENALTIES



The water industry regulator, Ofwat sets rules that reward water and wastewater companies that deliver excellent service and penalise companies that deliver poor service.

All water and sewerage companies in England and Wales must operate within Ofwat's system. Our customers have told us that our rewards and penalties should be placed on different aspects of our water and wastewater services and improving the environment.

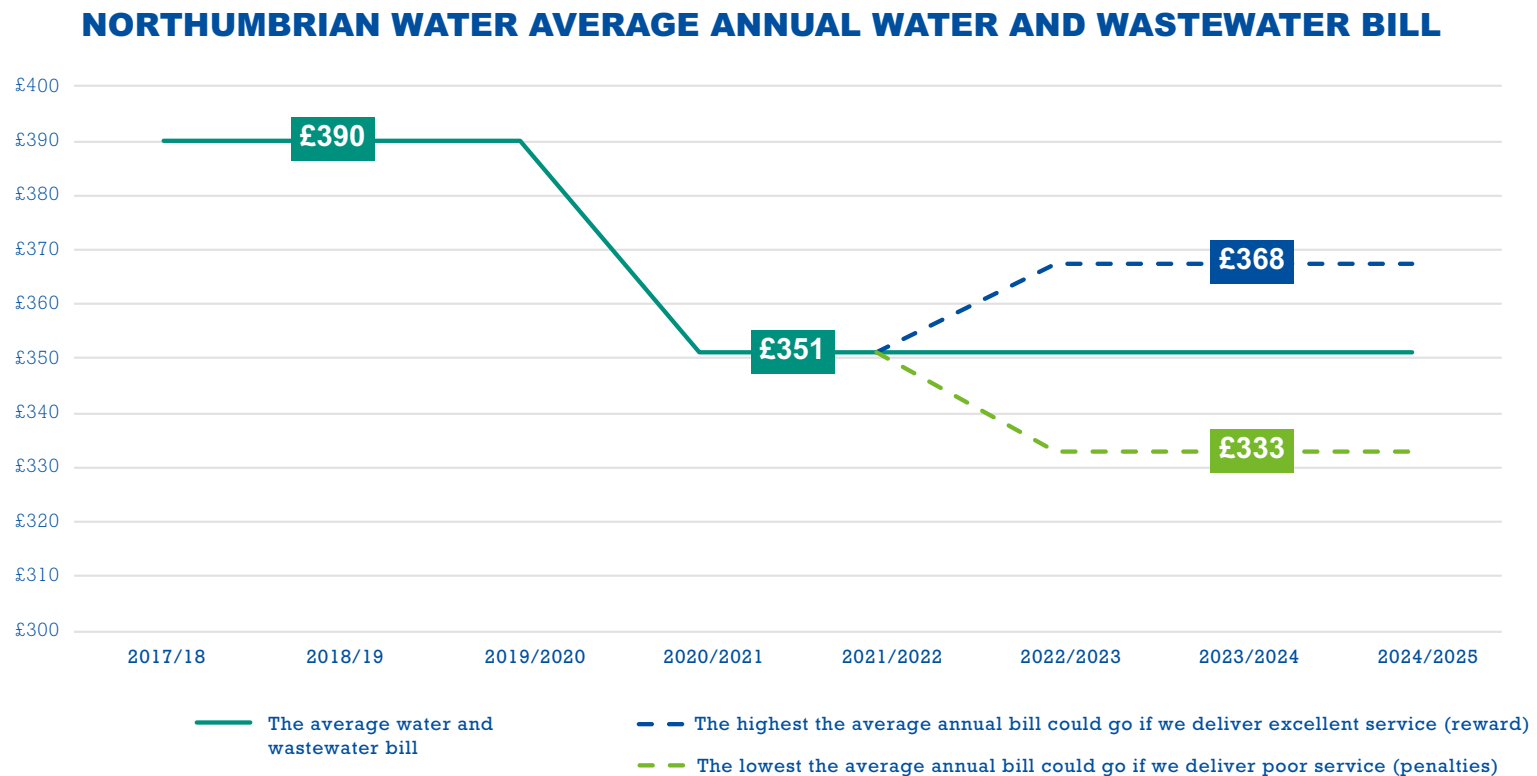
If we deliver excellent service in these areas we will earn a financial reward, which you and all our other customers would pay for. On the other hand, if we deliver poor levels of service, we will incur a financial penalty. This would mean that you and all our other customers would get a refund on a portion of your water and wastewater bill.

We forecast that we will receive a reward for 2015-2020 performance which will add £0.63 to the average household customer's bill. This is included within the 10% reduction we are giving customers on their bill from 2020.

The graph on the next page shows how much the average bill for 2020-2025 could increase or fall depending on how well we perform.

HOW THE AVERAGE ANNUAL BILL COULD CHANGE 2020-2025

This graph shows how rewards and penalties could increase or lower the average annual customers' bill depending on how well we deliver your services.



INFLATION AND OTHER CONSIDERATIONS



Inflation (the Consumer Price Index or CPIH) is the rate at which the prices of goods and services bought by all of us rise and fall.

We don't know what CPIH will be for the period 2020-2025. The Bank of England has a target of 2% per year. This would mean an increase of around £7.02 per year on the average household water and wastewater bill.

When thinking about whether or not our plan is acceptable, you may also want to consider that your household income and other household expenses may also go up or down.

WHAT DOES OUR PLAN INCLUDE?

Services we deliver as part of our legal and statutory obligations

- Making sure our customers have enough clean water to meet their needs
- Taking wastewater away from our customers properties and treating it to make it safe to return to the environment
- We contribute to the Water Industry National Environment Programme - the single largest national investment programme in the environment

A great core service, that we have shaped in line with what our customers have told us they want



Unrivalled customer experience



Affordable and inclusive services



Reliable and resilient services



Leading in innovation



Improving the environment



Building stronger economies in our regions

Investments for the future that our customers have told us they want or that we think will improve service

- Improving how we can move water around our regions to reduce the chance of customers' water supplies being interrupted
- Offering our customers smart water meters
- Removing lead pipes to reduce the risk of harm to our customers
- Reducing the risk of flooding from sewers
- Making part of our wastewater network smart
- Doing more to protect our computer systems from the threat of hackers

UNRIVALLED CUSTOMER EXPERIENCE



Our customers tell us we provide excellent customer service and resolve issues quickly

Our customers say they feel informed about the services we provide and the importance of water

Our customers say we are a company they trust

Our finances are sound, stable and achieve a fair balance between customers and investors

OUR CUSTOMERS TELL US WE PROVIDE EXCELLENT CUSTOMER SERVICE AND RESOLVE ISSUES QUICKLY



AMBITIOUS GOAL: Deliver world class customer service

What do we plan to do?

- Make life easy for our customers
- Show each customer they are special
- Own the customer's problem and get things sorted quickly
- Keep our promises
- Talk about our great work locally

How will we measure our success?

- The satisfaction of our customers who contact us with a query or complaint
- The satisfaction of customers who have not contacted us
- The satisfaction of developers who contact us about connecting new properties to the water and wastewater networks
- How quickly we respond to written complaints

OUR CUSTOMERS SAY THEY FEEL INFORMED ABOUT THE SERVICES WE PROVIDE AND THE IMPORTANCE OF WATER

Customer participation is central to the way we develop services and we have set ambitious targets to make this happen.

What do we plan to do?

- Crowd sourcing ideas and solutions
- Offering Apps to customers so that they can provide on-line, real time feedback
- Greater connection through our online communities and through wider use of our customer engagement vehicle 'Flo'.

How will we measure our success?

- 80% of customers will recognise our brand and be aware of the services we provide
- 50% of customers will demonstrate an understanding of the value of water and wastewater services.
- 75% of schools in the areas we serve will be actively using our education resources.

AMBITIOUS GOAL: Give every single customer the opportunity to have a strong voice in decisions that shape their services, with at least two million customers actively participating



OUR CUSTOMERS SAY WE ARE A COMPANY THEY TRUST

We want to be regarded as the most trusted business that our customers experience

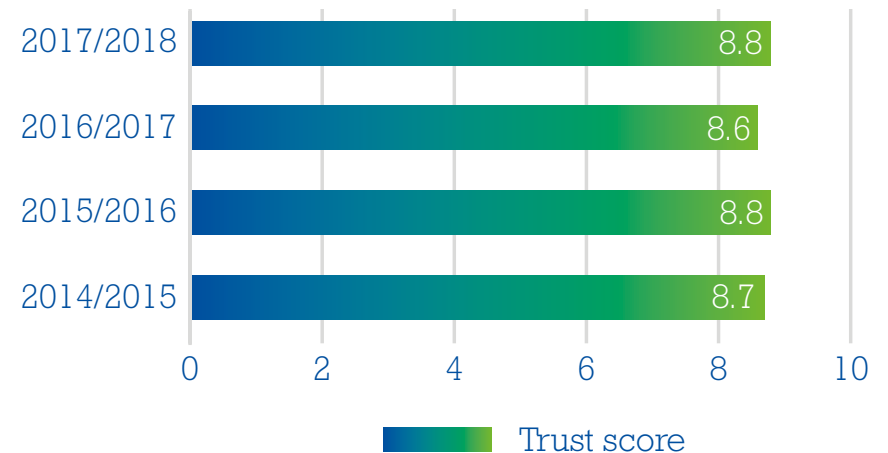
What do we plan to do?

- Help customers understand what we do.
- Invite and encourage customers to shape our activities and the future direction of the company.
- We are and will continue to act as a values driven, ethical business
- Respond promptly to service failures and keep our customers informed whilst we fix the problem
- Report publicly on our performance

How will we measure our success?

- We will ask 2,000 customers every year how much they agree that we are a company that they can trust
- We want to stabilise our customer trust score at 8.8 out of 10, by 2025, and increase this to 9 out of 10 by 2030

Customers agreement with the statement 'Northumbrian Water is a company that I trust'. Scored from 1 (disagree) to 10 (agree)
(source: Independent market research)



OUR FINANCES ARE SOUND, STABLE AND ACHIEVE A FAIR BALANCE BETWEEN CUSTOMERS AND INVESTORS

We share any savings we make with our customers. We can offer customers a 10% bill reduction between 2020-2025. This is because from 2015 to 2020 we will have spent less money than we expected due to working efficiently.

We make sure that our customers do not experience sharp changes in their bills, or disruptions and deteriorations in their services.

How are Northumbrian Water's profits set?

In September we will submit our business plan to the water industry regulator, Ofwat.

In our plan we have set out how we will invest more money for the future whilst expecting our profits to halve.



AFFORDABLE AND INCLUSIVE SERVICES

Our customers say our services are good value for money and we work hard to keep water and wastewater services affordable for all



OUR CUSTOMERS SAY OUR SERVICES ARE GOOD VALUE FOR MONEY AND WE WORK HARD TO KEEP WATER SERVICES AFFORDABLE FOR ALL

AMBITIOUS GOAL: Eradicate water poverty in our regions by 2030

Any household spending more than 3% of the household's total income, after housing costs, on a water and wastewater bill is considered to be living in water poverty.

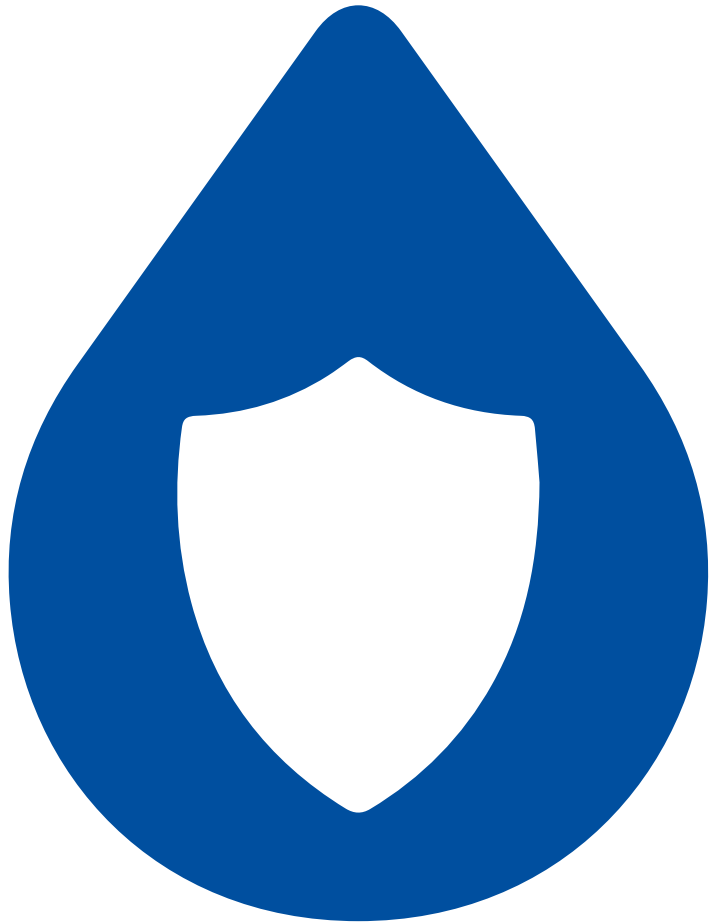
We know that a household's finances can go up and down and that some of our customers can move in and out of water poverty, depending on their circumstances at different stages of their life. We will put money back into the pockets of around 400,000 customers who need it the most, when they need it the most. This will increase these customers' disposable incomes and reduce the worries they face when it comes to paying essential household bills and putting food on the table for their families.

HOW WILL WE MEASURE OUR SUCCESS?

- Reduce the percentage of our customers in water poverty from 21% to 7% by 2025
- Managing customer accounts as our customers move to and from their homes
- Raise awareness of our additional financial and non-financial support services
- Increase the satisfaction of customers who receive additional financial or non-financial support



RELIABLE AND RESILIENT SERVICES



Our drinking water is clean, clear and tastes good

We always provide a reliable supply of water

We are resilient and provide clean drinking water and effective sewerage services, now and for future generations

We provide a sewerage service that deals effectively with sewage and heavy rainfall



OUR DRINKING WATER IS CLEAN, CLEAR AND TASTES GOOD

AMBITIOUS GOAL: 9 out of 10 of our customers will choose tap water over bottled water

Discoloured water contacts

We measure the number of customers who contact us because their drinking water is discoloured.

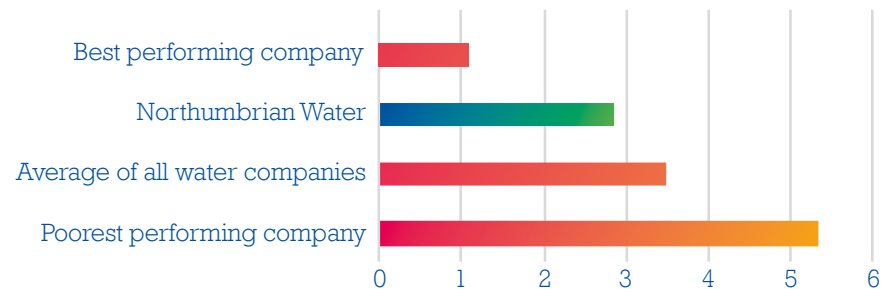
We want to reduce the number of contacts we receive by 20% by 2025.

Taste and smell contacts

We measure the number of customers who contact us because their drinking water's taste or smell is unsatisfactory.

We expect to maintain our position in the top 25% of water companies in England and Wales throughout 2020-2025.

Number of times companies were contacted by customers about their water's taste / smell (per 10,000 people supplied) 2016 (source Discover Water)



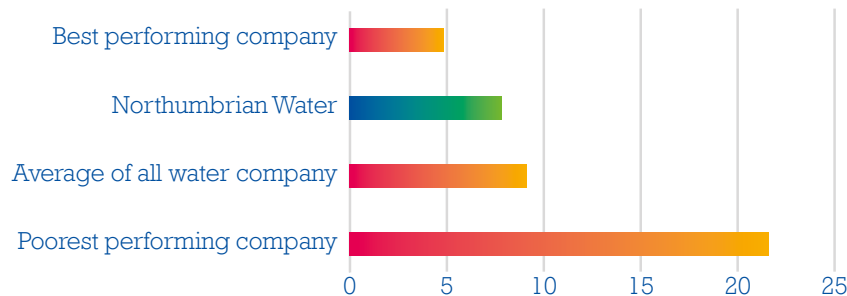
WE ALWAYS PROVIDE A RELIABLE SUPPLY OF WATER

AMBITIOUS GOAL: To have a Per Capita Consumption for water use in our regions of 118 litres per person per day by 2040

Leakage

Our target is to reduce leakage by 15%.

Cubic metres of water leaked per kilometre of main per day
The volume of water leaked from company's pipes in England and Wales compared to the overall length of water pipes the company has
(source Discover Water)



From 2020 we will significantly reduce the time it takes us to repair a visible leak, including those reported by our customers. This will reduce the length of time a leak is left running for, reducing wasted water. We will measure the time taken to repair visible leaks from the time of the initial report to when the leak is fixed.

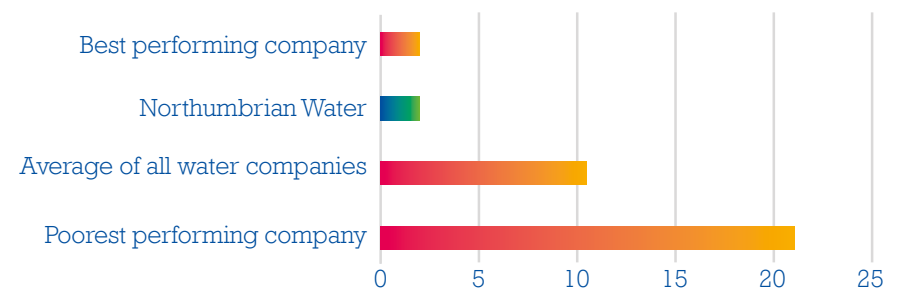
Our target is to be 50% better than we were at 2016/17 by 2025. Reducing the time it takes us to fix a reported leak from six days to three.

Interruptions

We measure the total duration of all water supply interruptions lasting three hours or more and divide the total time by the number of properties we supply. This gives an average interruption time per property in minutes and seconds.

We are one of the best companies for average interruptions time in England and Wales and want to continue being so.

Average minutes lost due to supply interruptions (per total properties served) 2016-17
(source Discover Water)



WE ARE RESILIENT AND PROVIDE CLEAN DRINKING WATER AND EFFECTIVE SEWERAGE SERVICES, NOW AND FOR FUTURE GENERATIONS

Resilience for our customers means a strong, reliable and affordable service that will stand the test of time, cope with change and bounce back from difficult situations.

From 2020 we will focus on:

1. Improving how we can move water around our regions to reduce the chance of customers' water supplies being interrupted
2. Always making sure that local communities have sufficient water to meet their needs.
3. Reducing the risks of hazards like climate change and extremes of weather impacting on our ability to maintain water and wastewater services to customers.
4. Managing the risks of cyber-attack on our water and wastewater systems, which are essential for society and the economy to function.
5. Increasing our ability to respond to and recover from long-term interruptions to the water supply which could impact up to 100,000 customers

WHAT WILL WE DO?

- We will reduce the risk of sewer flooding at over 7,000 homes
- We will continue to make sure that none of our customers are at risk of supply restrictions in a 1 in 200 year drought.
- We will reduce interruptions to water supply lasting longer than twelve hours



A major incident in the Northumbrian Water area

On May 21 2018 a water pipe in the Newburn Bridge area of Gateshead burst. This caused an interruption to local customers' water supply.

We received the first reports of the burst from our customers at 8.34am. Our crews were on site by 8.55am and thanks to their hard work the burst was stopped by 9.50am. We were able to restore the water supply to affected customers by 10.08am.

We received some lovely messages and thanks from our customers for the great job that our response teams, technicians and partners did.

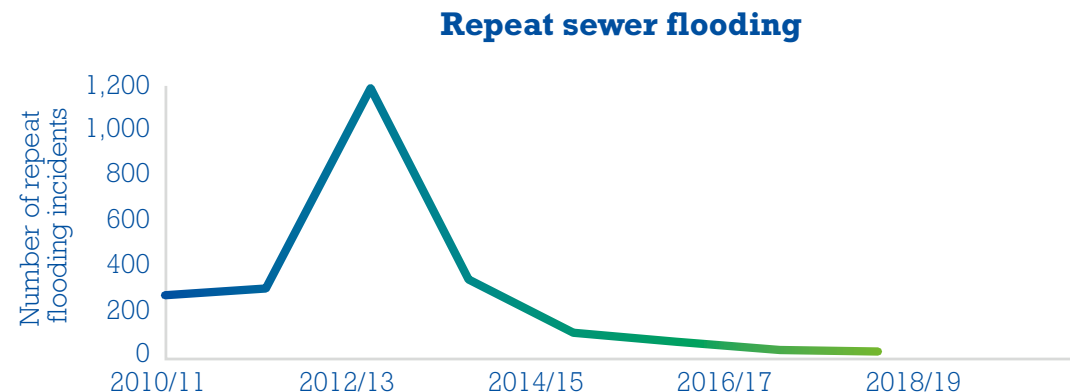
WE PROVIDE A SEWERAGE SERVICE THAT DEALS EFFECTIVELY WITH SEWAGE AND HEAVY RAINFALL

AMBITIOUS GOAL: eradicate sewer flooding in the home due to our assets or operations

Customers have told us that reducing flooding from our sewers is the most important activity that we should focus upon.

Repeat sewer flooding is where the same property is flooded more than once from our sewers. Over recent years we have been working really hard to improve our performance in this area. The graph shows the reduction we have made.

During 2020-2025 we will reduce repeat sewer flooding by a further 20%.



Lightning striking the Tyne Bridge, Newcastle
Photo credit: Marc Burton

Thunder Thursday in Tyneside

On the afternoon 28 June 2012 Tyneside experienced an exceptional weather event which came to be known as 'Thunder Thursday'. A month's worth of rain (50mm) fell in two hours.

Many properties were damaged by flooding. Transport was disrupted as cars and other vehicles were stranded in flood water and normally short commutes lasted for hours.

WHAT WILL WE DO:

- Reduce internal sewer flooding by 40%. This will place us in the top 25% of the industry
- Reduce external sewer flooding by 25%

LEADING IN INNOVATION

We are a leading, efficient and innovative company that is always ready for change



WE ARE A LEADING, EFFICIENT AND INNOVATIVE COMPANY THAT IS ALWAYS READY FOR CHANGE

AMBITIOUS GOAL: To be leading in innovation within the utilities sector and beyond

Innovation is a crucial part of how we will deliver an unrivalled, inclusive and affordable customer experience and provide water and wastewater services that are reliable and resilient.



OUR ANNUAL INNOVATION FESTIVAL

Our annual innovation festivals take societal and environmental problems and applies design thinking techniques to try to solve them in five action packed days.

An outcome of our 2017 Innovation Festival was the installation of England's first "moss tree", which we worked with partners to install in Newcastle.

The Moss Tree acts as the equivalent of 275 trees, removing around 240 tonnes of carbon each year by filtering out pollutants from vehicle emissions.



UTILEYES

We have recently launched a new App that helps us 'see through the eyes of our customers'.

When a customer calls us to report a problem or ask for an inspection, we ask if they would like to download our Utileyes App. It allows us to access the caller's smartphone camera, with their permission, to see what the customer is looking at. We can then capture real time footage or still photographs of their issue.

Utileyes helps reduce the number of visits we have to make to rectify a problem and speeds up the time it takes to resolve the issue.



IMPROVING THE ENVIRONMENT

We help to improve the quality of rivers and coastal waters for the benefit of people, the environment and wildlife

We take care to protect and improve the environment in everything we do, leading by example



WE HELP TO IMPROVE THE QUALITY OF RIVERS AND COASTAL WATERS FOR THE BENEFIT OF PEOPLE, THE ENVIRONMENT AND WILDLIFE

AMBITIOUS GOAL: To have the best rivers and beaches in the country

AMBITIOUS GOAL: To have zero pollutions as a result of our assets or operations

We contribute to the Water Industry National Environment Programme - the single largest national investment programme for the environment

Our aim is to make sure that our customers' money will be invested on well-justified schemes that will deliver real and measurable improvements to the environment.

OUR TARGETS FOR 2025:

- The Environment Agency sets standards for the quantity and quality of treated effluent that we can discharge into rivers, estuaries and the sea. Our commitment is to achieve at least 99% compliance for all our licences and permits
- Pollution can occur as a result of our water and wastewater activities. We will reduce the number of pollution incidents to 43 or below by 2025 - this is an improvement of over 40% from 2016 levels
- Northumbrian Water can have an impact on the quality of seawater at bathing waters through our discharges from sewage treatment works. There are 34 coastal bathing waters in the North East. Our current measure is for every bathing water to be Sufficient quality or better. By 2025 we are aiming for 25 out of our 34 bathing waters to meet the 'Excellent' standard. The remaining nine bathing waters will be classified as 'Sufficient' or better.

WE TAKE CARE TO PROTECT AND IMPROVE THE ENVIRONMENT IN EVERYTHING WE DO, LEADING BY EXAMPLE

We will work with partners to improve the quality of the environment In a number of areas.

OUR TARGETS FOR 2025:

- We will maintain or improve the natural environment (including trees, plants, animals, fish, and insects) on the land that we own and support others to do the same
- We will reduce the amount of carbon we consume by 16.5%
- We recycle 100% of the product left at the end of the sewage treatment process by returning it to land as fertiliser. Our ambition is to continue to perform at 100%
- We will work with partners to improve 50km of the accessible water environment for the benefit of customers and communities
- We will establish a Green Fund from 2020. This will allow our customers to voluntarily support investment in improvements to the environment

AMBITIOUS GOAL: We will deliver net gain for biodiversity in our regions

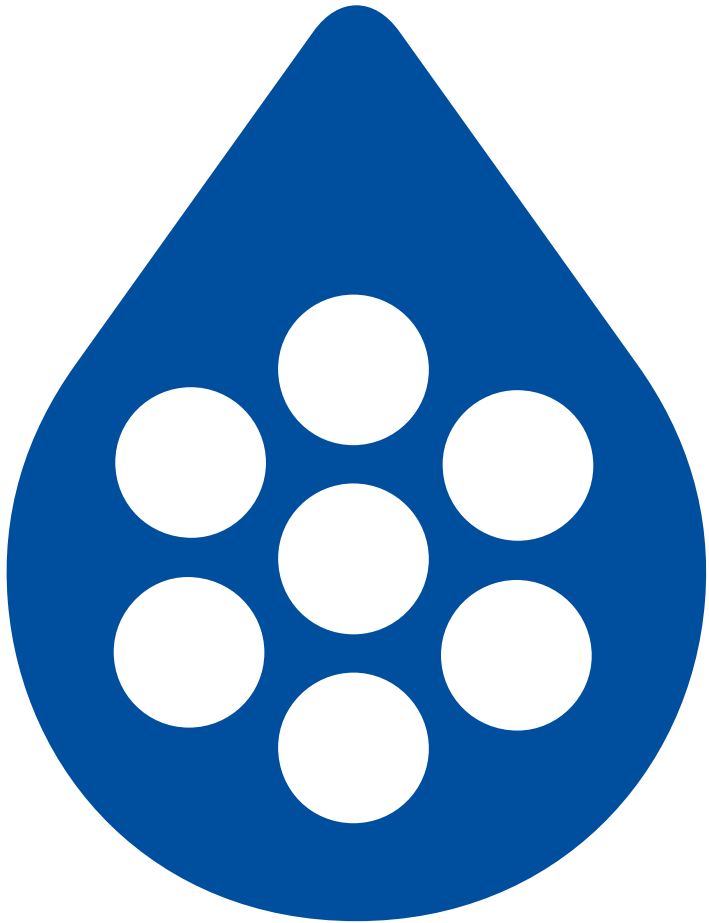
AMBITIOUS GOAL: To be leading in our sustainable use and enhancement of natural resources, and will have zero avoidable waste by 2025 and be carbon neutral by 2027.



BUILDING STRONGER ECONOMIES IN OUR REGIONS

We are proud to support our communities by giving time and resources to their important causes

We work in partnership with companies and organisations to achieve the goals that are most important to our customers



WE ARE PROUD TO SUPPORT OUR COMMUNITIES BY GIVING TIME AND RESOURCES TO THEIR IMPORTANT CAUSES

AMBITIOUS GOAL: Have 60% of our spend with suppliers in our regions.

AMBITIOUS GOAL: Be the most socially responsible water company.

Our employee volunteering programme, Just an Hour, enables Northumbrian Water employees to contribute to communities by doing things like helping to make environmental improvements or by supporting local groups. Since the launch of the scheme in 2002, our employees have given more than 100,000 hours to the communities we serve.

We have five flagship community schemes all designed around water:

1. Every Drop Counts helps whole towns to use water wisely
2. Love your Drain educates communities about what can go down the toilet and sink and what should go in the bin to avoid sewer blockages
3. Rainwise works with communities at risk of flooding from sewers to manage the amount of surface water (the rainwater from roofs, roads and other hard surfaces) that enters the sewer network
4. Water Rangers are our customer volunteers who patrol public access routes close to watercourses and help us to protect the environment by reporting on any potential issues so that we can be resolved as soon as possible.
5. Water without the Worry supports our customers and communities to seek additional help and support when they need it most.



WE WORK IN PARTNERSHIP WITH COMPANIES AND ORGANISATIONS TO ACHIEVE THE GOALS THAT ARE MOST IMPORTANT TO OUR CUSTOMERS

We have a small number of flagship partners who complement our vision and our purpose, and work with us creatively to deliver our customers' priorities

1. StepChange is a national debt charity which we work with to support customers who may be struggling to pay their bill. We directly refer customers to StepChange for free, confidential debt advice and solutions.
2. National Energy Action is our strategic partner in supporting our ambitious goal to eradicate water poverty from our regions.
3. We have recently launched 'Refill' which is our campaign to reduce single use plastics by encouraging people to refill their water bottles at public points with tap water. We have recruited around 300 businesses in our operating areas as Refill points and will increase this to 1,500 by 2020.
4. WaterAid improves access to safe water, sanitation and hygiene in 37 countries. Since we helped to establish WaterAid in 1981, more than £5 million has been raised through our employee fundraising committee and support from our customers and partners.



OUR PLAN FOR YOU



**Unrivalled
customer
experience**



**Affordable
and inclusive
services**



**Reliable
and resilient
services**



**Leading in
innovation**



**Improving the
environment**



**Building stronger
economies in
our regions**

Thank you for reading about our plan for 2020 to 2025.

To summarise, in our proposed plan we will make improvements to the services you receive between 2020 and 2025, and will also reduce the risk of more serious problems happening in the future. Our plan is built on what customers have already said is important to them and will be delivered for a lower bill than you pay today.

On the basis of this information, do you accept Northumbrian Water's plan?

- Yes – I accept the plan
- No – I don't accept the plan
- Don't know

NORTHUMBRIAN
WATER *living water*

The background features a vibrant green field with large, flowing blue and teal shapes. In the center, three parallel diagonal lines in a darker blue shade create a sense of movement and depth.