



# OUR PLAN FOR 2015 TO 2020



# Thousands of customers have helped us to **SHAPE THE FUTURE**

of water and water recycling services.

Read on to find out how our plan for 2015 to 2020 responds to what customers told us matters most.

Anglian Water supplies water and water recycling services to more than six million customers in the east of England and Hartlepool. We employ just over 4,000 people and direct employee salaries contribute around £115 million to the regional economy every year.



## EVERY DAY WE LOOK AFTER:

OVER **38,000** KM  
OF **WATER MAINS**

OVER **76,000** KM  
OF **SEWERS**

**140** WATER  
TREATMENT  
WORKS

**1,123** WATER  
RECYCLING CENTRES

# THANK YOU FROM PETER SIMPSON, our Chief Executive

**Over 2012 to 2014, we invited you to Discover, Discuss and help Decide the best possible future for your local water and water recycling services. In our biggest ever consultation, we heard from over 50,000 customers about our services and priorities for the future.**

I'd like to thank everyone who helped shape our thinking and create a plan we are confident delivers the priorities you have told us are important for customers, the environment and the economy.

I'm delighted that, following review of the plan by our regulator Ofwat, we are now delivering on the commitments we made to you in it.

Over 2015 to 2020, we'll spend almost £5 billion on running the business, protecting communities from extremes of weather, including flooding, and helping to underpin economic growth.

At the same time, we'll keep bills affordable. In 2015, we will reduce average bills by £38 before inflation - the biggest reduction of any water and water recycling company. And bills will stay flat (before inflation) for the four years after that to 2020.

Your advice and support has been invaluable in helping us to put customers' priorities at the heart of our plan - once again, thank you.

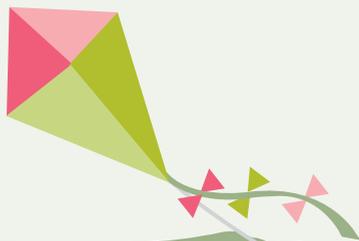


**Peter Simpson, Chief Executive**

April 2015



# OUR PLAN FOR 2015 TO 2020



**We'd like to thank everyone who helped us look to the future to develop our plan for 2015 to 2020 and beyond.**

From 2012 to 2014, we conducted our biggest ever consultation, hearing from over 50,000 customers about our services and what they'd like to see us do in the future. This helped us create a plan we are confident delivers the priorities you told us are important.

We also worked closely with the independent Customer Engagement Forum which represents the interests of customers, communities, the economy and the environment. It has advised and challenged us at every stage and supports this plan.

We've summarised the highlights of our plan on the next page. The rest of this brochure explains more about the choices we've made, what we'll deliver and how we'll keep you updated on our progress.

## **A message from the Customer Engagement Forum**

*The independent Customer Engagement Forum is a very important means of ensuring that the views of all customers, domestic and business, influence the way that Anglian Water plans and delivers its services.*

*Since 2012, we have carefully reviewed the company's proposals in light of customer priorities, regulatory requirements and the implications for the local economy, environment and communities.*

*We accept it is not possible to get everything customers and stakeholders want at the price that customers are willing to pay and we believe that this is a balanced plan.*

*We are very pleased that the company listened to our ongoing challenge about keeping bills as low as possible.*

*We will continue to work closely with Anglian Water as it delivers its plan to give you independent assurance on its progress. You can find out more about our activities at [www.anglianwater.co.uk](http://www.anglianwater.co.uk)*



# TOGETHER WE HAVE A PLAN!

## OUR PROMISE ON THE COST OF LIVING

We will keep increases in average water bills well below inflation for the next five years.

## EXTRA HELP FOR THE MORE VULNERABLE

We'll increase to £1 million each year the help available for customers who struggle to pay. And we'll launch a special tariff for customers in need of support.

## £5 BILLION TO SPEND ON YOUR PRIORITIES

Running the business, looking after essential equipment, protecting communities from drought, flooding, and a changing climate. We'll do this while helping the economy recover, and the region grow.

## £60 MILLION WAR ON LEAKS

We hate them as much as you do. We have fewer leaks than ever before, but we can do more. And we will, because we know it matters to our customers.

## WATER METERS: YOU'RE IN CONTROL

We'll connect 95% of homes to a meter by 2020, putting customers in control of how much they use, and how much they pay.

## SECURING THE FUTURE TOGETHER

We'll spend almost £100 million to protect against things like fire, flood and drought. We don't want anything to get in the way of a safe, clean, reliable supply of water.

## OUR FABULOUS ENVIRONMENT

We've spent £2.2 billion in the last 20 years to transform the quality of water in our environment. We'll continue to protect the countryside - it's everyone's big back garden.



THIS  
PLAN WILL  
ACHIEVE  
**10 KEY**  
OUTCOMES



COMES  
TOMERS  
THE  
NMENT

SATISFIED  
CUSTOMERS

Ensuring that you  
are very satisfied  
with your service

FAIR  
CHARGES

Bills balance fairness,  
affordability and value  
for money

SAFE  
CLEAN  
WATER

Drinking water is  
safe, clean and  
acceptable

RESILIENT  
SERVICES

Our services cope with the effects  
of disruptive events, in particular  
increasingly severe weather  
events. We plan ahead for the  
impacts of our changing climate

Manage and  
meet the growth  
in demand for  
sustainable  
and reliable  
water and water  
recycling services

SUPPLY MEETS  
DEMAND

YOUR SERVICE

## WHAT YOU TOLD US...

**In our biggest ever** consultation with customers, we've heard the views of over 50,000 customers through face-to-face meetings, surveys, roadshows, workshops and focus groups. This is what you told us...

Although most people tell us water isn't something they think about very much, it's something nearly everyone agrees is **essential for life.**

We're pleased to hear that the majority of people are **satisfied with our service overall** and service problems are rare.

Delivering high-quality water and wastewater services while **keeping bills affordable** is a priority.

Many customers are worried about the economy and are feeling the pressure on household budgets. And while most think our service is value for money, you want to be confident that, despite being a monopoly, **our prices are fair and affordable.**

## HOW WE HAVE ACTED ON YOUR FEEDBACK

We're very conscious that many family and business budgets are under pressure, during tough economic times.

We have developed our plan to keep bills to the absolute minimum, seeking efficiencies wherever possible and only suggesting improvements where we're clear they really matter to our customers.

We heard loud and clear that **leaks are a big concern** for many. You don't like to see us wasting resources and not playing our part to conserve water.

There's a recognition of increased pressures from growth and changing weather patterns. And you want to know that we're **planning ahead, working in partnership with others and taking action now**

to prevent storing up problems for the future.

Other areas such as **environmental improvements** tend to split views with **some people being strongly supportive while others want us to focus on our core service.**

Where we do go beyond what's required by law, most people are keen that there's a clear economic benefit.

We know that while many people are willing to pay a little more to improve services, you want reassurance that we're acting now, spending money to **tackle leaks and delivering value for money.**

As well as inviting everyone to have their say on our proposed plan, in July 2013 we surveyed 2,200 customers to help us check how well our plan responded to customer priorities. We're delighted that over 90% of those we surveyed told us they thought it was acceptable.

When we asked those who found the plans unacceptable what could be done to improve them, most wanted to see lower bills. We've worked hard to exceed expectations by holding increases in average household bills to less than the rate of inflation over 2015 to 2020.

We have also increased our support to the Anglian Water Assistance Fund to £1 million and introduced a new tariff for those facing financial hardship.



# OUR PLAN

Between 2015 and 2020, **we'll spend** almost **£5 billion** to look after your water and water recycling services, protect the environment and prepare the region for future challenges such as population growth and climate change.

We'll do this while average household bills will drop by £38 before inflation in 2015 – the biggest reduction of any water and water recycling company.

Average bills will then stay broadly flat (before inflation) for the four years after that to 2020.

The next few pages explain what we plan to do for the areas that customers told us were the most important of all.



## A GREAT TRACK RECORD

In delivering our plan, we want to continue to provide excellent customer service, be as efficient, innovative and responsible as possible, and transform the way we all value and use water.

**We're already making great progress in our ambition.**

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In 2013 to 2014, for example, our achievements included:

**INDUSTRY LEADER**

ON CUSTOMER SERVICE\*

**SECOND LOWEST LEAKAGE**

ON RECORD  
**9% BETTER** THAN OFWAT'S TARGET LEVEL

**EXCELLENT**

DRINKING WATER QUALITY

**99.96%**

OVERALL COMPLIANCE

**100%**

BEACH BATHING WATERS COMPLIANCE FOR

**12<sup>TH</sup>** YEAR RUNNING



\*As measured by Ofwat's independent qualitative customer satisfaction survey.

# OUR PLAN IN FOCUS

## DELIVERING A HIGH-QUALITY SERVICE

### YOU SAID

Most people told us they are satisfied with their water and water recycling service, and that continuing to deliver this service, to a high standard is a priority. The majority of people we asked said they would rather keep the same level of service as now than have a lower bill with a reduced standard of service.

Reports of service problems are rare. When they do occur, they tend to relate to leaks and interruption to supply, taste, odour or colour of water.

Flooding from sewers, while rare, is a particularly serious failure.

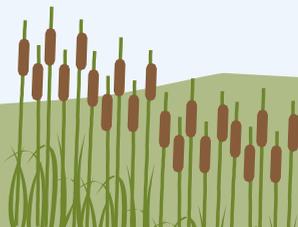
### WE WILL

Drinking water quality is our highest priority. We will continue to work closely with the Drinking Water Inspectorate, health professionals, local authorities and others using the latest science and modelling to ensure excellent standards are maintained. For the last five years, we have achieved 99.96% compliance.

We'll also work in partnership with land managers, farmers, the Environment Agency, supermarkets and others to influence land-use practices to reduce pollution before it affects water sources.

We'll also work closely with others, such as local authorities and developers, to increase storage and use more sustainable solutions to reduce the amount of rainwater entering our sewers.

OVER  
**6 million**  
PEOPLE RELY  
ON OUR  
SERVICES





## METERING

**Most customers think metering is the fairest way to charge for water but don't want us to force people to switch to a meter.**

**YOU SAID**

**WE WILL**

We've already got one of the highest proportions of metering in the country, with nearly 78% of customers in 2014 paying based on how much water they use, and we aim to have 95% of homes fitted with a meter by 2020. We will continue to offer incentives, such as a two-year switch-back guarantee, to encourage people to pay their bills on metered charges rather than make it compulsory. As well as 'saving water' and energy, typically a household saves around £100 a year on water bills once they've switched to metered based charges.

We'll also do trials of 'smart meters' which can be read remotely, more regularly and more cheaply than standard meters. These new meters will help us and our customers understand more about how much water they're using.

**ALMOST 78%**  
OF HOMES PAY ON A METERED CHARGE - ONE OF THE HIGHEST PROPORTIONS IN THE COUNTRY



FROM 2015 TO 2020, WE'LL SPEND **£60 million** TACKLING LEAKS

## LEAKS

**Leaks are a particular concern. You don't like to see us wasting resources. And you want us to play our part to conserve water.**

**YOU SAID**

**WE WILL**

We'll set ourselves our toughest ever target on leakage, aiming for no more than 172MI/d\* by 2020 compared to 189MI/d in 2014. 172MI/d is more than 18% below the 211MI/d target previously set by Ofwat and the Environment Agency.

While most customers we asked thought this was acceptable, some felt that we still hadn't gone far enough. We believe that 172MI/d is an ambitious target and as far as we can practically go by 2020. But we are committed to reducing our leakage further, aiming for 93MI/d by 2040.

To achieve this we will employ the latest leak-detection technology, maintain our rapid leak repair work, extend pressure management in the water system to help prevent leaks and replace the weakest pipes most at risk of leaking.

\*MI/d = megalitres per day and 1 megalitre = 1 million litres.



# OUR PLAN IN FOCUS



## FAIR PROFITS AND SMARTER WAYS OF WORKING

YOU  
SAID

Many people asked why more money couldn't come from profits or more efficient ways of working than expecting customers to pay more.

WE  
WILL

Providing fair returns to our investors is important to ensure they continue to invest in the long-term future of water and we can continue to borrow money at rates that help keep bills lower.

We take very seriously our responsibilities as a good corporate citizen. To reassure customers that we are operating fairly, we'll continue to be open about how we are structured, our performance, profits and what tax we pay.

We'll also continue to be as efficient as possible. The savings we make are shared with customers and help to

absorb costs that would otherwise have increased bills. For example, more efficient ways of working between 2010 and 2014 mean that the average household bill from 2015 to 2020 will be about £14 lower than it would otherwise have been.

We'll keep working with our suppliers and business partners to find the most efficient ways to deliver our services. At the same time, our investors will continue to invest funds in the company to protect and improve services.

Between 2010 and 2015, we spent £2.2 billion in maintaining and improving assets. We'll continue to invest now to prevent storing up problems for the future and we are confident that this is a sustainable plan to deliver our long-term outcomes for customers and the environment.

MORE  
EFFICIENT  
WAYS OF WORKING  
MEAN THAT THE  
AVERAGE BILL WILL BE  
**£14**  
LOWER THAN IT  
WOULD OTHERWISE  
HAVE BEEN

## BEING RESILIENT TO FUTURE CHALLENGES



**YOU SAID**

Most people recognise the increasing pressures faced by our region from growth and climate change, and want to know that we are planning ahead and taking action.

**WE WILL**

Our long-term goal is to ensure all customers can be supplied by more than one water treatment works, so if something goes wrong at one works, their water supply is protected. We plan to phase the spending on this to manage the impact on bills and, in the next five years, we'll protect a further 300,000 customers' supply.

To protect against drought, we're looking at a long-term option to build a large pipe to transfer water from the River Trent to the Rutland area. This would be built after 2020, helping secure water resources in the drier parts of our region.

We'll continue to monitor and prepare for the impacts of extreme natural and man-made hazards, such as flood, drought, fire or power disruptions, to minimise the risk of them leading to problems for our customers.

We'll invest in new pipes, onsite generators, security monitoring and flood protection for our key sites. And we'll work closely with others, such as emergency services and power companies, to ensure we have robust recovery plans in place.

## ENVIRONMENT



**YOU SAID**

We heard mixed views about the environment. Some people want us to do more than we are obliged to do by law, while others prefer us to concentrate more on providing clean, safe drinking water and taking wastewater away. There was strongest support for going beyond the minimum standards required by law where there were economic benefits for local people without a big impact on bills.

We will ensure we meet all of our legal obligations to protect the diverse and distinctive habitats in our region, including coastal and river waters, wetlands, grasslands and woodlands.

**WE WILL**

We'll also seek value for money by working in partnership with others such as the Environment Agency, the RSPB, Wildlife Trusts and other local voluntary organisations.

We'll engage with communities through schools and our Water for Wildlife, RiverCare and BeachCare initiatives to encourage customers to get actively involved in protecting their local environment. While this goes beyond our legal requirements, it has a very small impact on bills and we believe is the right thing to do.

We will continue to recycle more and reduce our carbon and water footprints, which also help to reduce costs.

OUR BIODIVERSITY ACTION PLAN IDENTIFIES **60 high-priority species** WE WANT TO HELP PRESERVE AND PROTECT

# WHAT DOES THIS MEAN FOR YOUR BILL?

**We've kept bills as low as possible by working hard to find more efficient ways of doing things and making sure we focus on the things that really matter to our customers.**

Average household bills will be reduced by £38 (before forecast inflation) in April 2015. And average bills will then stay broadly flat (before inflation) for the four years to 2020.

This means, for customers who receive water and water recycling services from us, our average household bills will fall from £429 in 2015 to £390 in 2020 before inflation.

We've used the latest forecasts of expected inflation rates to illustrate, in the graph to the right, the likely impact on average water and water recycling bills by 2020.

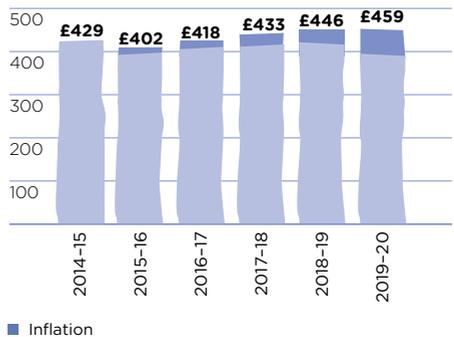
With forecast inflation included, the average bill for customers who receive our water and water recycling services will be £459 in 2020.

The actual bill you receive from us will vary depending on your individual circumstances.

We want to help those finding it hard to pay their bills – for more information on ways to save water and money, different payment options to help spread the cost and help for those dealing with debt visit [www.anglianwater.co.uk](http://www.anglianwater.co.uk) or call **03457 919 155**.

## Average household water and water recycling bills

(£)



# HOW WE PLAN TO SPEND YOUR MONEY

## MAINTAINING OUR EQUIPMENT

To ensure it works efficiently

## PAYING BACK INTEREST

On money borrowed to improve services

## PROFIT

Net profit generated

## PEOPLE AND MATERIALS

This includes wages for direct employees and people indirectly employed through our supply chain

## BUILDING NEW ASSETS

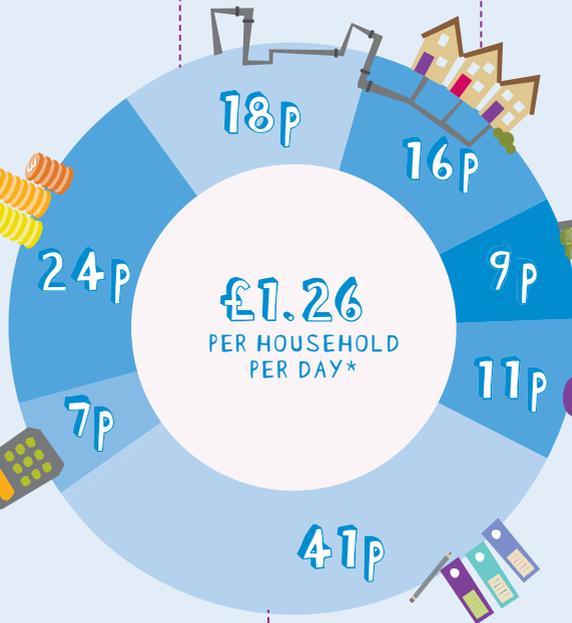
E.g. connecting new homes to water and water recycling services

## ENERGY

This covers day-to-day operating costs

## PAYING TAX, RATES AND LICENCES

Tax on profits; rates on buildings and water treatment works and water recycling centres; and licence fees to the Environment Agency



\*Based on an average annual water and water recycling bill of £459 in 2019-20.

# DELIVERING OUR PLAN

## Our commitments to you

To monitor our progress and make sure we're on track, we've set targets for each of our 10 outcomes to say where we think we should be by 2020.

These targets have been developed using customer feedback and agreed with the independent Customer Engagement Forum and Ofwat.

They cover all aspects of our service, for example:

- Improving customer satisfaction
- Reducing leakage and helping customers save water
- Reducing the number of properties affected by sewer flooding
- Maintaining our assets such as water treatment works, sewers and pumps
- Improving the quality of coastal waters.

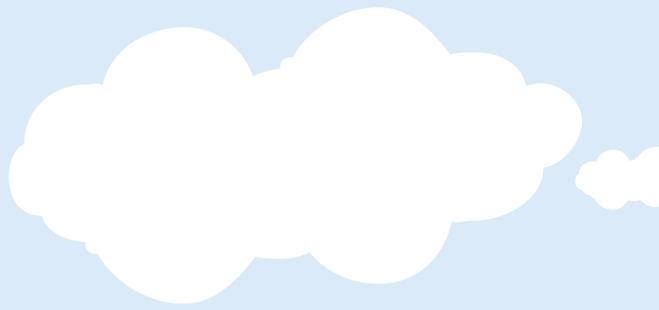
We'll report back at least once a year on how well we're doing against each of these targets. And we have agreed appropriate incentives and penalties against each with Ofwat and the Customer Engagement Forum.

Some of these incentives and penalties are financial, so where we do well we will get a reward and where we do badly we will pay a penalty.

The amount we'll pay or be rewarded has been calculated using the results of customer surveys to understand customers' willingness to pay towards improvements in service.

The overall reward or penalty will be one of several factors affecting the level of average customer bills for 2020 to 2025.





The impact of the reward or penalty on customers' bills from 2020 will be limited.

If our performance is exceptionally good, the reward we get will mean customers' bills will increase by about £10.

If our performance is exceptionally bad, the penalty we get will mean customers' bills will decrease by about £20.

Leakage is the one area that is slightly different. Here, rather than waiting until 2020, incentives and penalties will start to be reflected in customers' bills from 2017. And customers will only pay for the improvement we make in going beyond the previous leakage targets once we've achieved it.

The actual average bill from 2020 will vary depending on:

- What we plan to deliver over 2020 to 2025 to respond to customers' priorities
- Any new obligations we are required to achieve by law
- Any savings we've made by being more efficient in how we work
- Changes in the number of overall customers in the Anglian Water region
- Latest financial forecasts such as the rates at which we can borrow money.



## Want to know more?

You can find more details on our targets at [www.anglianwater.co.uk](http://www.anglianwater.co.uk) where we'll also publish an annual update on our progress.

To give you independent assurance, every year, the Customer Engagement Forum will also report annually on how it thinks we're doing.

# HOW CAN YOU HELP?



## Join our Drop 20 challenge

We each use around 145 litres of water every day and as our population grows, so too will the total amount we use.

Let's try and save as much as possible. If everyone reduces the amount of water they use by 20 litres each day, we'll save a lot of water for tomorrow.

Join our water saving campaign at [www.anglianwater.co.uk/drop20](http://www.anglianwater.co.uk/drop20)



## Help us identify water leaks across our region – big or small

If you spot a leak, down the street, up the alley or round the corner, please tell us so we can fix it fast.

Visit [www.anglianwater.co.uk/reportaleak](http://www.anglianwater.co.uk/reportaleak) or call our free 24/7 leakline number on **0800 771 881**.



## Choose a water meter: it's free and helps put you in control

Typically customers save over £100 when they switch to metered charges.

Once you're on a meter you only pay for what you use, so you can really reduce the size of your bill.

And the extra bonus is that by conserving water you can also save on your energy bill. On average, 24% of energy bills relate to heating water.

Take a look at our website [www.anglianwater.co.uk/youdecide](http://www.anglianwater.co.uk/youdecide) to work out how much you and your family could save by choosing to have a meter fitted.

If you switch but don't see the savings you expected, you can go back to unmetered bills within two years – and again we'll arrange the switch for free.



## Blocked sewers: a big fat pain in your drain

Putting rubbish that belongs in the bin down sinks and toilets causes blockages in pumps and pipes.

When this happens, sewage can back up into your home, cause bad smells and overflow into rivers, causing pollution and harming wildlife.

That's why we launched Keep It Clear, our campaign to keep pipes and pumps flowing. Find out what should and shouldn't be flushed into your sewers at

[www.anglianwater.co.uk/keepitclear](http://www.anglianwater.co.uk/keepitclear)

## Anglian Water Services

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[www.anglianwater.co.uk](http://www.anglianwater.co.uk)

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