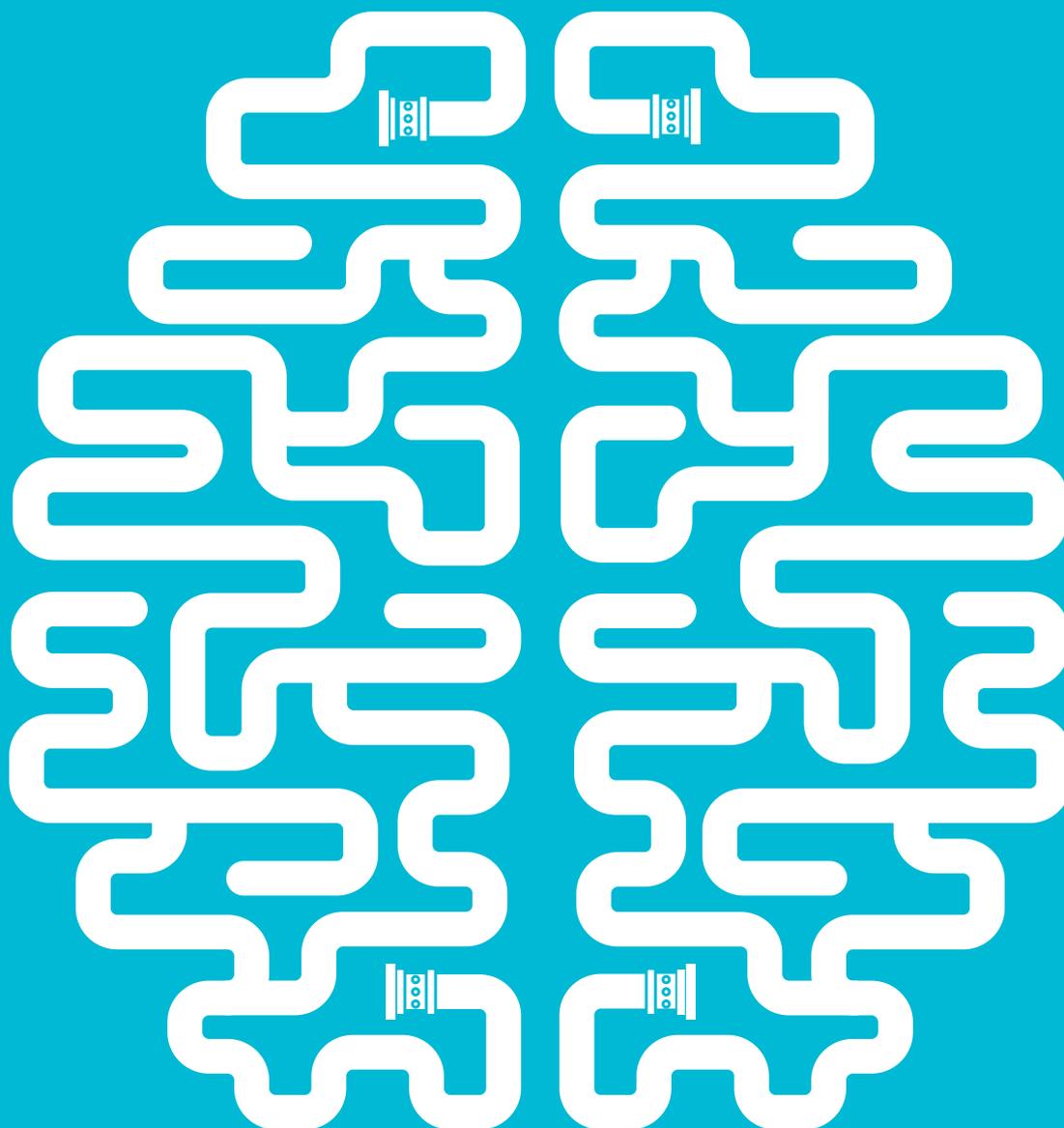


Pure know h₂ow



**2020 to 2025
Business Plan**
Executive Summary

Key headlines of our plan



£204

the average household bill



78%

customer acceptability



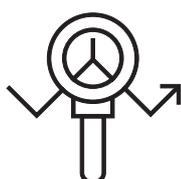
£961 million

the total wholesale cost of our plan



£45 million

the efficiencies we will make



35

performance commitments



10

responsible business commitments



£86.4 million

in underperformance penalties



£20.5 million

in outperformance payments



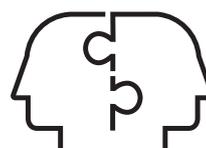
2.4%

the rate of return for shareholders



£84 million

retail costs



13,000

customers engaged



120

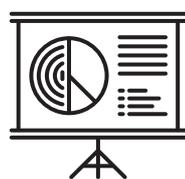
research activities

How this plan addresses four key themes



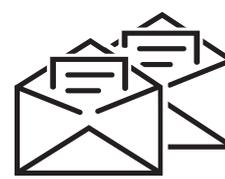
GREAT CUSTOMER SERVICE

- › Evolving customer satisfaction to six attitudinal segments
- › Dedicated strategy to keep our services affordable, accessible and protective
- › Priority Services Register support for 60,000 customers
- › Six new vulnerability measures



RESILIENCE

- › Resilient customer
- › Leakage reduced by 14 per cent
- › Per capita consumption reduced by nine per cent
- › Greater resilience to severe droughts
- › Six environmental measures



AFFORDABLE BILLS

- › Average household bill maintained at £204
- › Financial assistance extended to further 43,500 eligible customers
- › Cost of capital lowest ever at 2.4 per cent
- › Efficiency savings of £45 million



INNOVATION

- › Targeted innovation strategy
- › Behaviour change, partnership and innovation toolboxes
- › 10 new responsible business commitments
- › Focus on environmental engagement

What makes this a stand-out plan

An ambitious and forward-thinking plan that leads the sector in rebuilding trust

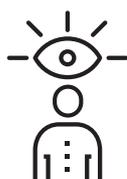
This is the most ambitious plan we have ever produced, with a 35-strong suite of performance commitments and innovative incentives that challenge us to deliver performance levels well beyond anything we have delivered before.

Our plan also recognises our wider responsibilities as the provider of an essential service. We have translated this into 10 responsible business measures for key areas which customers and stakeholders want to see us lead the way on – and which have the potential to create a step-change in trust for the water sector.

Knowing our customers better and keeping them satisfied with our service

The core of our plan is built around customer satisfaction but we have evolved it to measure satisfaction with many areas of our performance across different customer segments, so we can meet their different needs and expectations.

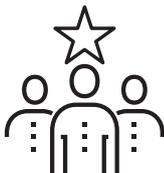
Our customer segments are:



**MINDFUL
OPTIMISTS**



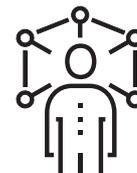
**GLOBAL
ADVOCATES**



**JUST ME
AND MINE**



**CAREFUL
NEIGHBOURS**



**BUSY
JUGGLERS**



**LIVING FOR
TODAY**

Knowing what makes customers tick so they become resilient too

Because we know our customers better we also know what makes them tick. We will use behavioural science techniques for our resilient customer concept so they become part of the solution too – whether it is reacting intuitively to the weather, looking after their own pipes and plumbing, or promoting the services we offer for vulnerable customers.

Going beyond our water supply duties

We have stretched our performance and ambitions for this plan with six performance commitments specifically around vulnerability, which were co-created with our customers, stakeholders, employees and Customer Challenge Group.

Operating in a water stressed area we need to make the right choices for local communities and the environment. Our suite of six environmental performance commitments recognise the influence we can have on other water users and abstractors to make water catchments more resilient to drought and protect wildlife.

A focussed approach to innovation and toolboxes for delivery

Our ambitious performance commitments will need to be matched with greater innovation. That innovation is focussed on our customers' and stakeholders' priorities and where we can make the most difference to lead the industry – so we will be targeting customer satisfaction, support for vulnerable customers, leakage and demand management, catchment management and biodiversity.

To deliver innovation we will use our specially developed toolboxes so that everyone with a vested interest in water plays a greater part in the delivery of our services.

The challenge our plan has had

Customer Challenge Group

Our Customer Challenge Group (CCG) has been central to the development of this plan. It has scrutinised and challenged many of the decisions we have made, ensuring our business plan promises meet current and future customers' needs.

Its challenges have been broad-ranging, strategic and detailed – from helping shape the co-creation of our customer service strategy and services, to detailed inputs on our research methods and materials which we have then incorporated.

We have embraced the CCG's challenges and they have had a very positive impact on our plan and business. The scale and quality of engagement has been considerably enhanced, providing greater insight which has driven the decisions we have made for this plan.

Environmental Focus Group

Our Environmental Focus Group (EFG) – already considered best-practice engagement by regulators – has significantly influenced, challenged and provided feedback on our 60-year water resources management plan for 2020 to 2080. This includes helping appraise potential future water supply and demand options, and challenging us to be more ambitious on our per capita consumption and leakage reductions.

The value the CCG and EFG have made to the development of our plans cannot be underestimated. We are very grateful to all members for the time and effort they have given.

Our outcomes and performance commitments

Ambitious incentives have been applied to all our performance commitments so that they are fair and reflective of the essential service we provide, and deliver the outcomes that are important to our customers and stakeholders.

Our performance commitments are ambitious and stretching and the challenge of meeting them should not be underestimated. Based on our current performance – but applying these new targets – we would face an underperformance penalty that is £28 million higher and an outperformance payment that is £5 million lower than we potentially face in this five-year period.

Our 2020 to 2025 performance commitments

Outcome	Measure	2025 performance commitment	2040 ambition	% change from 2017/18 to 2025
Our customers are happy with the service we provide	Customer experience measure (C-MeX)	Upper quartile	Upper quartile	New measure
	Segmented satisfaction of household customers	4.5	4.6	New measure
	Satisfaction of household customers who are experiencing payment difficulties	4.5	4.6	New measure
	Satisfaction of household customers who are receiving non-financial support	4.5	4.6	New measure
	Satisfaction of household customers who are on our vulnerability schemes during a supply interruption	Target set in 2019/20*	Target set in 2019/20*	New measure
	Satisfaction of stakeholders in relation to assistance schemes offered by South East Water	Target set in 2019/20*	Target set in 2019/20*	New measure
Our customers trust the safety and quality of their tap water	Number of customer contacts about tap water appearance (per 1,000 population)	0.79	0.50	40%
	Number of customer contacts about tap water taste and odour (per 1,000 population)	0.29	0.09	44%
	Compliance Risk Index (CRI)	0	0	New measure
Developers are happy with the service we provide to them	Developer experience measure (D-MeX)	Upper quartile	Upper quartile	New measure
We help customers out of water poverty	Household customers receiving financial support	65,000	135,000	203%
We give customers extra help when they need it	Household customers receiving non-financial support	60,000	150,000	543%
Leakage levels are sustainable and supported by customers	Leakage reduction target	10% reduction three year average 14% reduction for annual target	33%	14%
Customers are empowered to reduce their water use	Per capita consumption (three year average)	140	125	9%
All the water we supply is accounted for	Gap sites	Programme Achieved	Programme Achieved	New measure
	Percentage of household properties that are empty	2.1%	2.1%	4.5%
	Percentage of businesses that are empty	8.1%	8.1%	Stable
Our water supplies are maintained during more severe droughts	Risk of severe restrictions in a drought – percentage of population affected	0	0	Stable

* we will be undertaking baseline surveys to set our performance commitments for these new satisfaction measures, so they are in place for the start of the 2020 to 2025 period

Our 2020 to 2025 performance commitments

Outcome	Measure	2025 performance commitment	2040 ambition	% change from 2017/18 to 2025
Our water supply network is resilient for this generation and the next	Unplanned outage	4.6%	4.5%	New measure
	Company sites protected from the risk of flooding	92	N/A	New measure
	Event Risk Index	0	0	N/A
	Average water supply interruptions, per property, over three hours	4 minutes	3.1 minutes	91%
	Number of water mains bursts per 1,000km of pipe	183	183	2%
	Properties at risk of low pressure (per 10,000 connections)	0.5	0.5	Stable
Our environment thrives, now and into the future	Greenhouse gas emissions (kgCO ₂ per million litres of treated water)	58	58	80%
	WINEP completion	Completed	Completed	New measure
	Number of hectares of land enhanced to increase biodiversity	1,460	1,822	New measure
	Number of hectares of land privately owned/managed that has benefited from improved catchment management	14,217	20,499	New measure
	Abstraction Incentive Mechanism (above the AIM baseline, ml/d)			
	– Kingston	0	0	N/A
	– Charing	0	0	New measure
	– Itchel	0	0	New measure
Percentage of abstractors engaged with to improve catchment resilience	20%	40%	New measure	

