



West Berkshire Council Scrutiny Commission - 11th October

Richard Aylard & James Bentley

Agenda

- Leadership changes
- Draft PR24 plan
- Operation of a sewage works and challenges of capacity
- Storm discharge map
- Planning for the future
- Local updates on GISMPs
- Report a pollution tool
- Questions



Leadership changes

Since June 2023

- Sarah Bentley's resigned in June as Chief Executive.
- Cathryn Ross and Al Cochran are now our joint interim CEOs, both already part of Executive team at Thames Water.
- We have also appointed a new Chairman. Sir Adrian Montague joined Thames Water in July 2023.
- We continue to maintain a strong liquidity position and are working constructively with shareholders in relation to the further equity funding.



Our five-year plan 2025 - 2030 (PR24)

A snapshot

Based on everything you told us, here's what we plan to do

INVESTMENT

A record level of investment



£18.7bn

Total spend across our business



£4.7bn

To improve the quality of our services



£1.59

Average daily water and wastewater bill



530k

Households getting help with their bills

FOR CUSTOMERS

A safe and reliable service for you



£12.1bn

To improve your service



17%

Reduction in the number of times sewage floods into properties



75%

Of eligible customers on the priority services register



500km

Of replaced water mains

FOR COMMUNITIES

Having a positive impact on your community



600

Apprentices, graduate scheme applicants and summer interns on placements



27

Wetlands and nature reserves open to the public



1

Key commitment to cut down disruption caused by our streetworks

FOR THE ENVIRONMENT

Improving the environment



£6.6bn

To improve the environment



£885m

Investment in reducing storm overflows



30%

Drop in pollution incidents



22%*

Reduction in leakage
*AMP8 reduction based on a 2019/20 baseline

You want us to take better care of the world around us, and we do too. By 2050 we'll prevent all wastewater pollution and produce all the green energy we can.

What we heard

What we'll do by 2030

I want you to fix leaks and make sure there's enough water now and in the future

- We'll reduce leakage by 22% against 2019/20 levels*
- We'll keep working to secure new sources of water, including consulting and planning for a reservoir near Abingdon
- We'll install 1 million smart meters**
- We'll help household customers reduce their water use by 5.5% and businesses reduce their use by 10%
- We'll make it easier for you to save money and find leaks on your own pipes using smart meters.

I want you to stop polluting rivers and to improve their quality

- We'll reduce the total number of pollution incidents by 30%
- We'll reduce storm overflows by 28%
- We'll work to achieve higher bathing river quality scores in designated rivers
- We'll commission the Thames Tideway Tunnel, which will prevent millions of tonnes of untreated sewage mixed with rainwater from entering the tidal River Thames
- We'll reduce blockages caused by sewer misuse by 15%, helping all our customers understand that what gets put down the drain can impact sewers and the environment.

I want you to reduce emissions and reach net zero

- We'll generate 295GWh per year from renewable resources such as our waste water and floating solar panels, which is enough electricity to supply over 225,000 homes
- We'll replace equipment that comes to the end of its life with carbon neutral alternatives.



We'll spend

£885m

addressing storm overflows

We'll reduce the total number of pollution incidents by

30%

We'll reduce leakage by

22%

against 2019/20 levels

* AMP8 reduction based on a 2019/20 baseline

** We have asked Ofwat to consider adjusting the Green Economic Recovery (GER) funding conditions in light of the effect that the summer drought of 2022 and subsequent freeze-thaw event has had on the achievability of our end of AMP leakage target. The outcome of these discussions will determine if we can proceed with the GER programme

To make change happen, we need to invest more than we ever have before.

Between 2025 and 2030, we'll spend £18.7 billion on improving your service, repairing and replacing parts of our network and reducing our impact on the environment while we continue running our day-to-day business.

That's a c.40% real terms increase compared to what we'll invest in the five years up to 2025.

What does this all mean for me?

Climate change is driving unpredictable weather that impacts water supplies, and a growing population needs more kettles boiling, showers running and toilets flushing than ever before.

Your expectations remain the same – that water flows and waste goes, every single day.

Our 2025–2030 (AMP8) plan is all about improving your service, securing future supplies of drinking water and caring for local communities and the environment. Achieving these ambitious plans will take a lot of investment. After agreeing to provide a further £750 million of funding by 2025 (subject to certain conditions) to support our new refocused turnaround plan, our shareholders have also acknowledged that our turnaround will continue into AMP8. The equity investment needed for 2025–2030 is expected to be in the region of £2.5 billion, although the nature and amount of that support will depend on our final plan and the regulatory arrangements that will apply to the next regulatory period.

The work we plan to do is absolutely essential, but to do it and do it right, we'll need to raise your bills from April 2025. While we understand that no one wants to pay more, the cost of bills needs to go up so we can improve your service and secure your water supply for the future.

We will do our bit to make sure you don't pay more than is necessary by becoming a more agile and responsive business, finding new and better ways of doing things.

From 2025 to 2030, we expect the average monthly bill to rise by £14.55.

Where every £1 of your money goes

This is how we spend every £1 we receive in revenue

3p

Lenders

We borrow money at the most efficient rates to invest in our infrastructure.

48p

Investment in our infrastructure

We invest as much as we can to increase the long-term resilience of our network and improve your service.

This chart is based on the underlying financial figures in our cashflow statement. It represents how we spend every £1 now, which is subject to change depending on our final plan.

Our net cash flow excludes new loans raised, repayment of borrowings and repayment of lease principal and derivative paydowns.



20p

Operational expenditure

This covers the costs of operating and maintaining our network every day.

15p

People

We pay our people fairly, including pensions and other benefits, to deliver your essential service.

8p

Energy

To keep this cost down, we generate as much of our own energy as possible. If we can't generate it ourselves, we buy green energy for a set price.

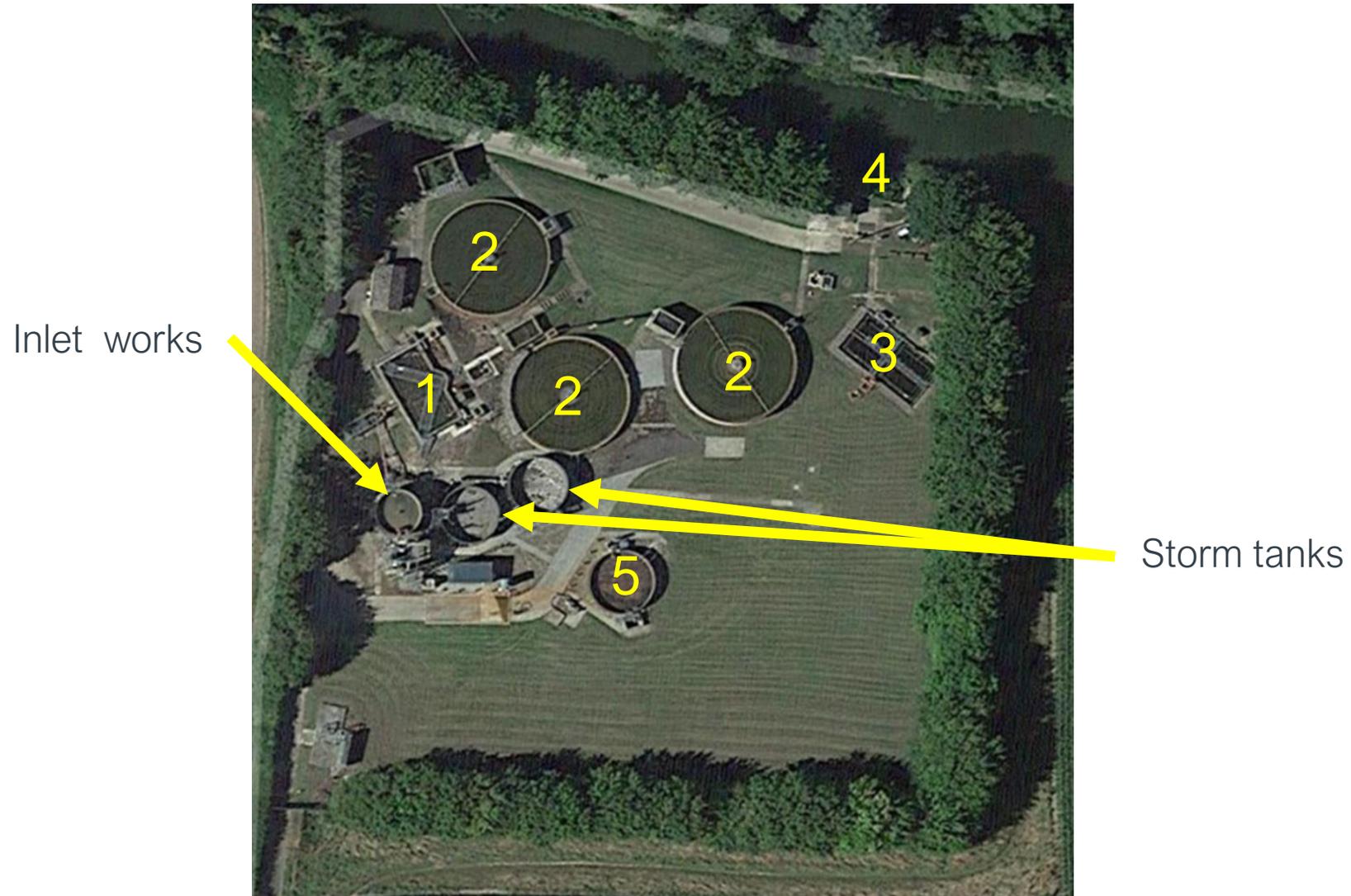
6p

Government

Last year, we paid over £118 million in business rates. We don't pay corporation tax at the moment because of our investments and debt repayments. We also get tax relief under the government's capital allowances scheme. We pay employment taxes for our people costs.

How does a treatment works operate?

A typical Sewage Treatment Works

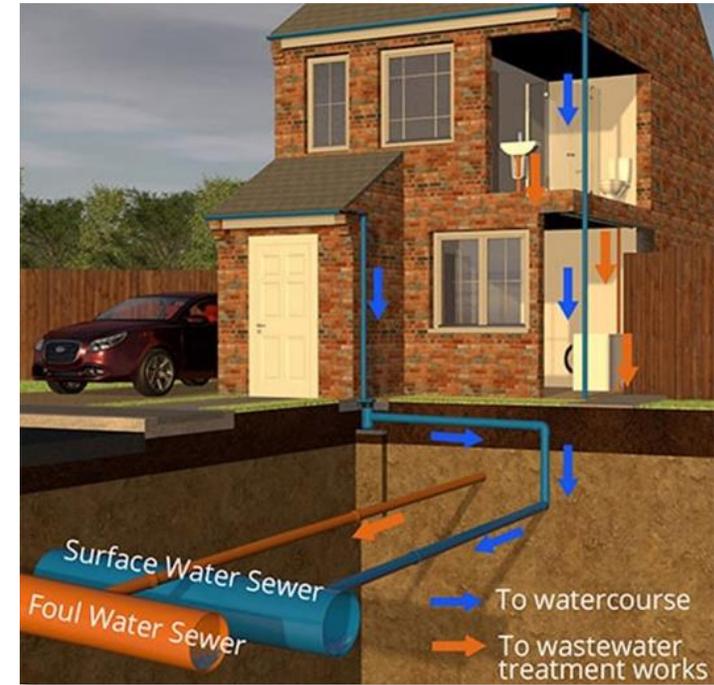


How and why do flows in foul sewers increase after rainfall?

Across our network



Infiltration



Misconnections

How and why do flows in foul sewers increase after rainfall?

Across our network



Inundation



SP96010903X_ea675ba7-0a94-49ca-8430-4eb9aab094c8_20
200720_143028_286.jpg. 00:05:10, 45.40 m
Infiltration, gushing at 1 o'clock, Around connection

Physical damage

Storm Discharges

Our interactive map goes live

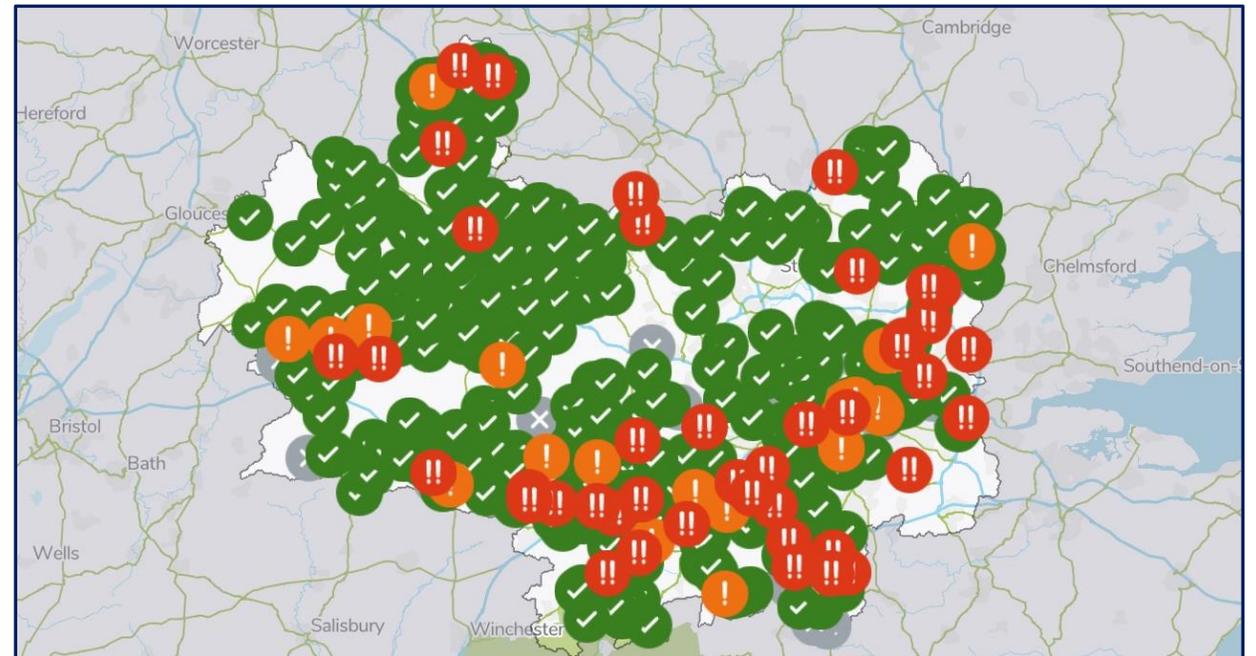
We want to be very clear on our stance. Putting untreated sewage into rivers is unacceptable to us, our customers and the environment. That's why we're working hard to stop these discharges, with the help of the Government, Ofwat and the Environment Agency.

To increase transparency we made a commitment to provide storm discharge data for all consented overflows – we have done this in **three** ways:

- An **interactive map** showing storm discharge activity as indicated by our EDM monitors. We went live 3rd Jan, the first water company to do this.
- A **third party API**, so you can integrate our data into your own systems.
- **Annual storm overflow activity reports** showing you data from previous years.

We know this is the start of the journey to tackling overflows, in the meantime we welcome suggestions on how to improve the tool in the future.

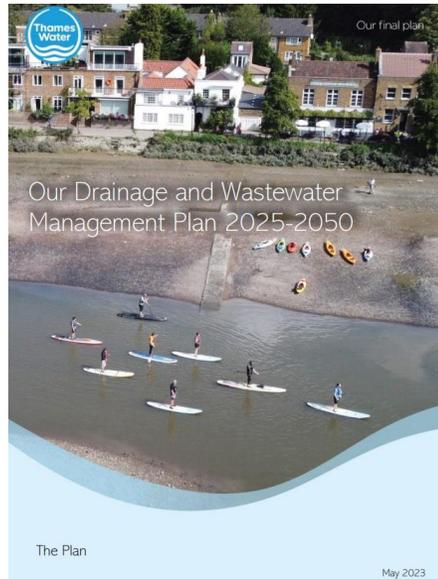
<https://www.thameswater.co.uk/about-us/performance/river-health>



Planning for the future

Drainage and Wastewater Management Plan (DWMP)

The DWMP is a long-term strategic plan which sets out how wastewater systems, and the drainage networks that impact them, are to be extended, improved and maintained, from 2025 onwards. This



is to ensure our wastewater systems are robust and resilient to future pressures, such as population increase and climate change.

Our DWMP will:

Invest £31.9bn over the next 25 years, an increase of c.£8bn from our draft plan	Improve to ≤10 storm overflow discharges per outfall, per year on average, into the environment	Protect 187,000 properties from the risk of flooding in heavy storms	Upgrade 82 sewage treatment works to cope with population growth*	Manage rainwater falling on >7,500 hectares of land across our region with sustainable drainage solutions (SuDS)
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Healthy rivers



Increasing storm overflows investment by **£7.0bn to £10.9bn** to respond to changes in regulatory targets through WINEP and business-as-usual investments

Delivering Defra's Storm Overflows Discharge Reduction Plan targets at a faster pace, in support of The Environment Act 2021. We're committed to achieving by 2030:

50% reduction in duration of storm overflow discharges
80% reduction in sensitive catchments

Resilience

207 STWs

Increased protection from river flooding

Flooding

Protecting properties investment increased by

£1.1bn to £19.8bn

Higher proportion invested later in the plan period to support faster-paced storm overflow discharge reduction delivery

Reducing flood risk through our long-term sustainable partnerships co-delivering nature-based solutions

Evidencing best value

c.£6 per month customer bill increase

Our DWMP has been carefully developed to make sure our customer bills remain affordable**. It will require some investment from other sources

2/3 of the cost

In our Deephams catchment trial green solution options were much cheaper than grey alternatives

9 Building flexibility into our plan for potential different futures through testing nine alternative pathways

Partnership opportunities and working



Statements of intent with key partners to promote co-funding, planning and delivery, in place by the end of **2023**

>270 partnership opportunities identified and developed through our collaborative working***

>40% of partnership opportunities mature enough to be delivered in the first 5 years of our plan

Engagement

In co-creating our plan we facilitated **>1,000** hours of interactive stakeholder engagement activities

Gained input from around **2,000** customers and stakeholders at a national, regional and local level

Received **c.1,400** responses to the consultation on our draft plan

Our consultation highlights

>1,300 Customer online survey responses

95 Public consultation responses

Every Catchment Strategic Planning area

Responses from across our region, from Gloucestershire to South East London

Every key stakeholder group

Responses from local authorities to local action groups across our region

Positive feedback

Lots of positive and supportive responses including:

“ I really like how the information was set out in the showcards ”
Customer online survey responsee

“ Reading the information, followed by a question made it very easy to follow ”
Customer online survey responsee

“ The consultation document itself is helpful because it provided links to relevant sections of the plan and was open in the wording of the questions ”
Public consultation responsee

* Including the potential new STW in the South East London area.

** Calculation based on the indicative customer bill impact (pounds per year per household), averaged across our region.

*** Including additional projects identified post publication of our draft plan and a number evolving from AMP 7.

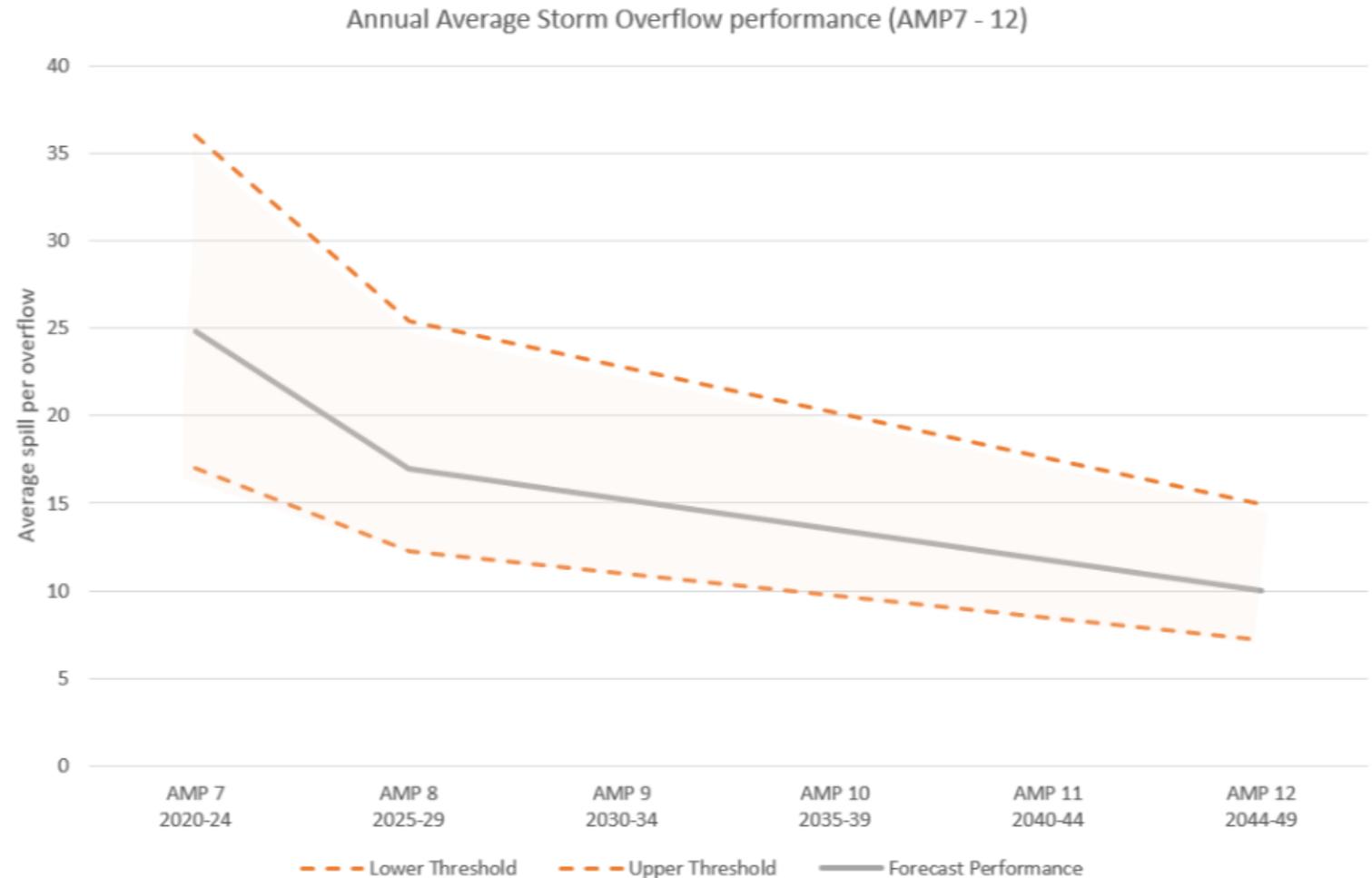
Planning for the future

Drainage and Wastewater Management Plan (DWMP)

Within the DWMP, and aligned to governmental targets in their Storm Overflow Reduction Plan, we outline our expectation to invest £10.9bn to reduce storm overflows over the next 25 years.

In the short term, and within our recently submitted PR24 plan, we expect to deliver:

- Maximum of 24 spills on average, per overflow per year by 2025
- Maximum of 17 spills on average, per overflow per year by 2030



Groundwater Impacted System Management Plans

We are working to help protect customers properties and reduce the risk of groundwater entering public, private sewers and drains.



In areas where there is highest risk of groundwater infiltration of the sewers, following persistent heavy rain, we have developed Groundwater Infiltration System Management Plans.

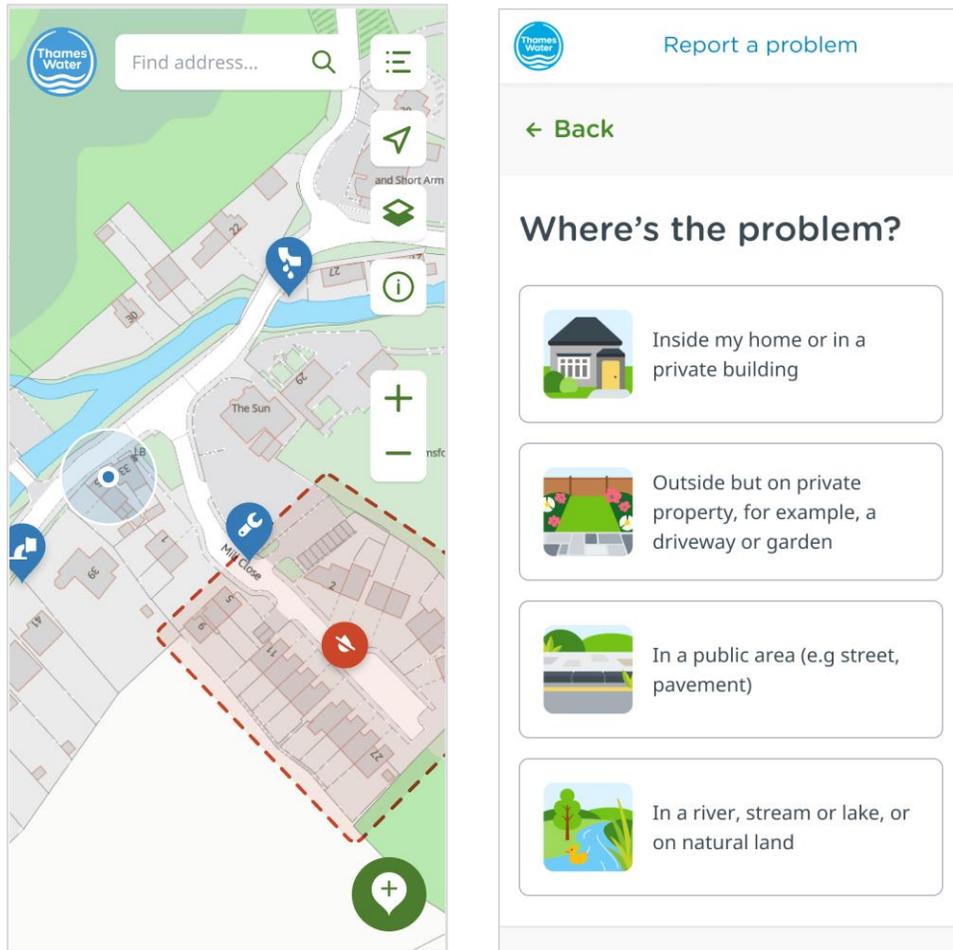
All Groundwater Impacted System Management Plan documents have been agreed with the EA, uploaded onto our [website](#) and will be updated annually.

Solutions for these catchments will include rehabilitating sewers using a leak tight sewer lining technology and patch repairs, investigating options to disconnect or attenuate roof area which is connected to the foul network, and continuing to monitoring the STW catchment and respond to sewer depth monitor alarms.



Reporting a pollution?

We want to make it easy to view and report a wider range of problems online



We want as many users as possible to be able to report their operational problems online.

We want their experience to be quick, easy and mobile-friendly.

We want it to be intuitive to navigate between different problems and to give users assurance their problem has been submitted (displaying a work reference number and SLA).

We have created a new map to enable customers to find it easy to pinpoint the location of a problem and for customers to be able to view all of the reported issues in their local area.

www.thameswater.co.uk/help/report-a-problem#/view-and-report-problems



Questions