



DRIVING LASTING CHANGE

SEVERN TRENT BUSINESS PLAN: 2025-30

PLAN OVERVIEW

WONDERFUL ON TAP

SEVERN
TRENT

Cover page: Creating floating wetlands to support lower carbon water treatment at our under construction Witches Oak treatment works.

This page: We are making over £2 billion of enhancement investment in the health of our rivers over the next five years.

WELCOME TO OUR BUSINESS PLAN FOR 2025-30

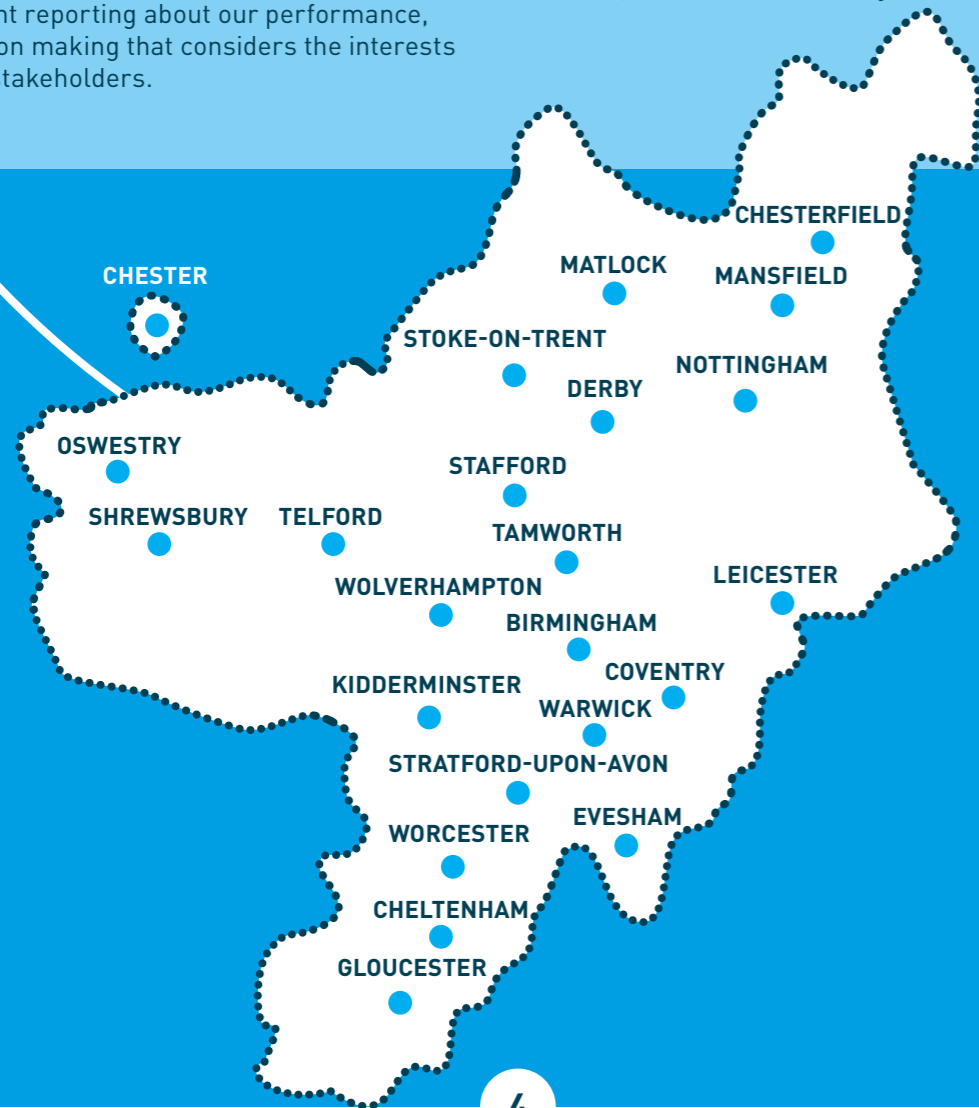
This is Severn Trent's business plan for 2025-30 which covers Asset Management Plan period 8 (AMP8). It explains the progress we will make over the next five years towards the 2050 aims we set out in our accompanying Long Term Delivery Strategy.

ABOUT US AND THE REGION WE SERVE

We provide essential services to over 4.6 million households and businesses in a region stretching across the heart of the UK, from the Bristol Channel to the Humber and from Shropshire to the East Midlands.

We serve a diverse range of customers with different cultures, interests and experiences. Our region includes some of the most affluent areas of the country as well as some of the most deprived. There are more urban conurbations than any other water company's region, yet we also serve predominantly rural counties and communities. It is a region which is characterised by, and benefits from, its diversity.

Severn Trent Water Limited is part of the Severn Trent Plc group. Listed on the London Stock Exchange, we are committed to upholding the highest standards of governance. We believe in transparent reporting about our performance, and decision making that considers the interests of all our stakeholders.



THIS FIVE YEAR PLAN COMES AT A CHALLENGING TIME:

- there are compelling reasons to increase investment to protect the environment and ensure our service remains resilient in the face of challenges, including climate change;
- our customers are feeling the effects of a period of economic uncertainty and cost of living pressures; and
- the sector's credibility is at risk, with research showing trust in water companies is falling.

Our plan aims to navigate these challenges and will help us play our part in rebuilding our sector's reputation. It is ambitious, but importantly, it is also designed to be financeable, deliverable and affordable.

We know that our customers must be able to see tangible benefits from what we propose to do. So our plan starts with the change customers will see, and how their money will be spent...

HOW DO WE MAKE SURE THAT YOU CAN DEPEND ON A HIGH QUALITY AND RELIABLE, SUSTAINABLE AND AFFORDABLE SERVICE?

Our world is changing faster than ever before. New technologies, climate change, and shifts in demographics, societal expectations and the economy, create both challenges and opportunities. At the same time, we want the essential service we provide to remain a constant in your lives – something you can depend on.

Against the backdrop of a changing world, some things remain the same. **You told us that the following areas are important to you:**

High quality and reliable:

A high quality, reliable service that can be depended on no matter what, where our customers know they are valued.

Sustainable:

Confidence we are doing the right thing for the environment, society and future generations.

Affordable:

Water should be affordable for everyone – so that no person or generation is left behind.



20 WAYS OUR PLAN WILL MAKE A DIFFERENCE BY 2030

1 Sustainable water sources
Around 100 million litres per day from new and replacement sources, so we don't risk harming the environment by taking too much from existing ones.

2 Reduce leaks
16% reduction in leakage, helped by enough replacement water mains to go from Land's End to John O'Groats almost twice.

3 A more joined-up network
Better connected so we can move c.280 million litres of water a day to where you need it most when the weather heats up.

4 Bigger tanker fleet
Part of a package to give 163% more customers a back-up in case there's a local supply problem.

5 Smart meters
One million installed, helping us all understand how we use water and be smarter about it.

6 Water-saving customers
More support to help customers each save over six litres a day, and innovative tariffs to reward our smarter water users.

7 Better customer service
Driven by more people at the front line to serve you, and new technologies that mean we can keep you better informed and show you how you're using water.

8 Digital security
The latest technology used by trusted public service providers globally, including the US Government, making sure your data and our infrastructure are safe and secure.

9 Help with bills
Financial support more than doubling to help to keep people out of water poverty.

10 Supporting better futures
A decade long commitment to help up to 100,000 people through free employability training in communities and work experience for schools.

11 Giving back to communities
At least £2 million a year to community projects, and additional help for 50,000 customers a year with debt, all funded by our shareholders.

12 Only rewarding strong performance
Executive bonuses paid from our non-regulated businesses, and 60% of every employee's bonus linked to great outcomes for customers, the environment and society.

13 Tackling surface water
Combining nature, tried and tested engineering, and AI to establish a model for sustainable drainage in four urban areas, creating 92 'nature hubs' with advisers to help communities find collaborative solutions.

14 Healthier rivers
Fixing 99% of the reasons for rivers not achieving good status that we're responsible for, leaving 14 remaining.

15 Fewer spills
Reducing the average number of storm overflow spills by 30% - helping us to hit the Government's 2050 target five years quicker.

16 Sustainable and affordable
Building an innovation hub to design new ways to eradicate storm overflows.

17 Less pollution
A 30% reduction overall, pushing for a new industry-frontier performance, and zero serious pollutions.

18 Open information
1,000 water quality monitors so everyone can see what's happening in our rivers.

19 Working with farmers
Partnership working on over 8,000ha of farmland to reduce phosphates in our rivers and improve biodiversity.

20 An operational Net Zero group
Cutting over 240,000 tonnes of CO2e emissions, following our launch of the world's first carbon neutral wastewater site in 2024.

WHAT DOES THIS MEAN FOR INVESTMENT AND BILLS?

We know that everyone wants to be confident that every last penny is well spent. Over the next five years, we're going to spend £12.9 billion on running our day-to-day business and making improvements for customers and the environment.

Five things to know about bills in the next five years

1

We're starting from a comparatively lower place

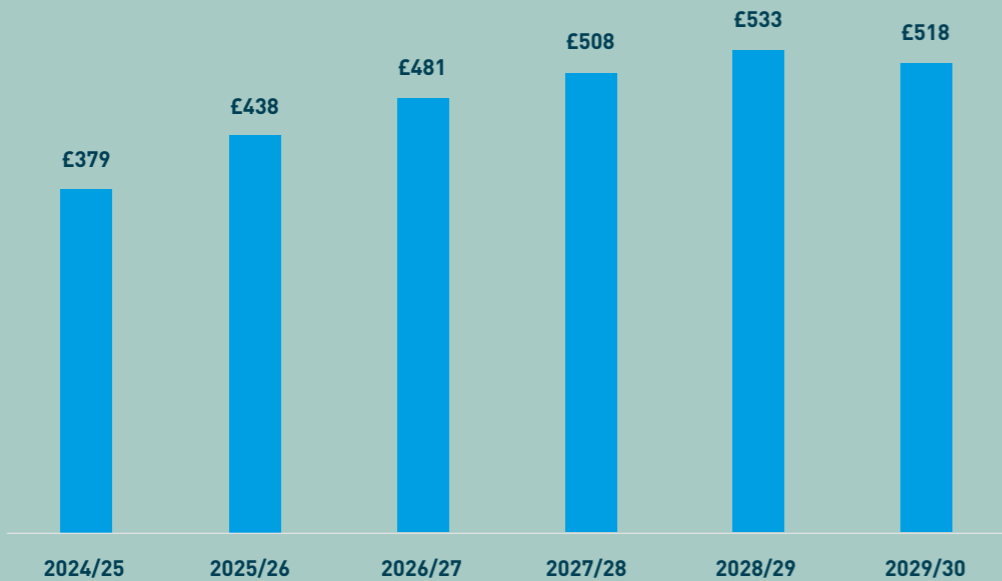
Today (2023/24) our bills are £29 a year (or £2.42 a month) lower than the industry average, and £85 a year (or £7.08 a month) lower than the highest.

2

During 2025-30 bills will increase gradually

The average combined household bill will increase by an average of £2.32 a month over the next five years (so that bills are £11.58 a month higher in 2030). With other water companies also planning large investment programmes, we anticipate our bills will stay amongst the lowest.

Average annual combined household bills 2025-30 (before inflation)¹



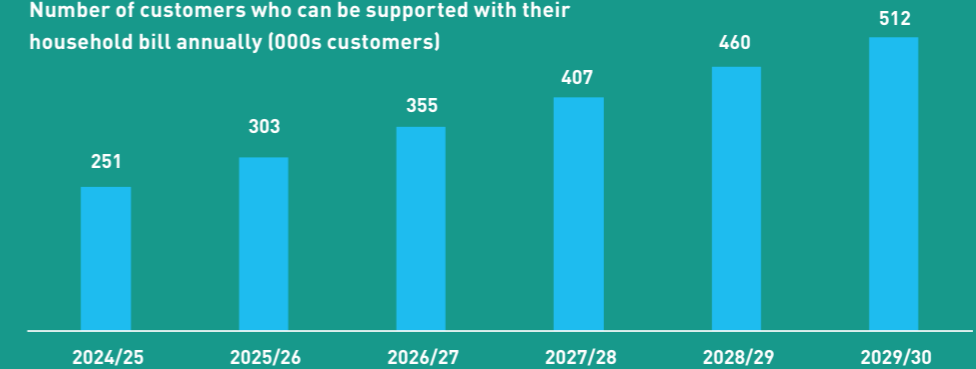
¹Our plan proposes an adjusted bill profile which assumes a small change to the post financeability revenue adjustment so that less revenue is collected in the earlier part of the AMP, to support affordability.

3

If you need help with bills, it will be there

We've designed our future financial support packages to cover more than the number of customers we forecast may need help by 2030 (using our industry's measurement - 'water poverty'). We'll make discounts on bills available for twice as many customers (through our Big Difference Scheme and WaterSure). There will be a wide range of other support options available, including payment breaks and income maximisation advice.

Number of customers who can be supported with their household bill annually (000s customers)

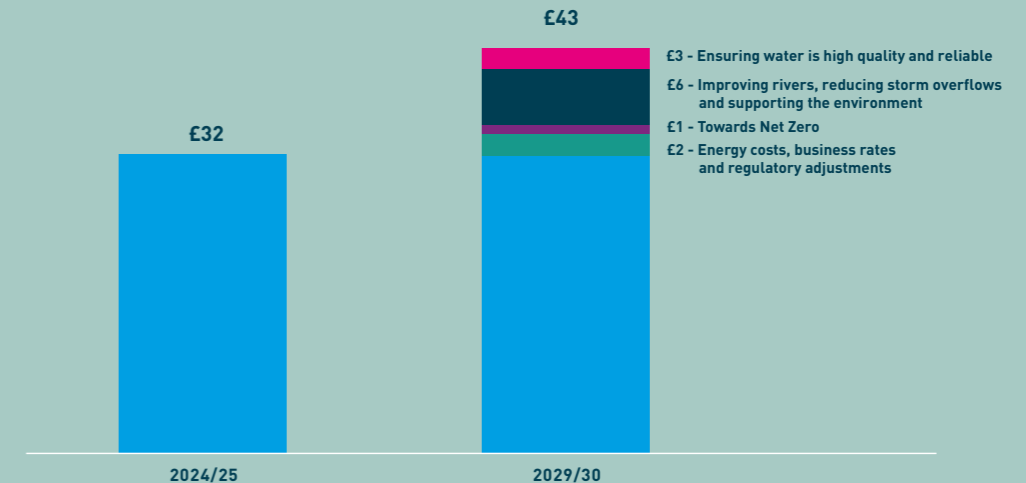


4

You won't pay twice for the same improvement

All the enhancement investment we're proposing is linked directly to new statutory standards, responds to changing risks or will deliver the improvements customers have said they'd like to see. We'll keep our day-to-day running lower than Ofwat's (our regulator) assessment of what an efficient company needs.

Impact of new investment on the average combined monthly household bill



5

We'll keep the impact on household disposable incomes as low as possible

Our bills are currently 1.2% of the median household disposable income (compared to 6% for energy bills). By 2030, following our large investment programme, our bills will have increased slightly to 1.3% of the median household disposable income.



Our storm event generator test facility enables us to undertake pilot trials of new waste technologies at our Resource Recovery and Innovation Centre (R2IC) at Sernal. Our learning over the last AMP is informing our environment programme for AMP8.

CONTENTS

Introducing our plan for 2025-30	12
Driving change: the world we operate in	16
Embracing change: our vision and strategy	20
Pacing change: progress towards 2050	24
Delivering change: our plan for 2025-30	28
Customer support for our plan	46
Building on strong foundations	48
A statement from our Board	58
Key outcomes and investments	66
Thank you and next steps	70

INTRODUCING OUR PLAN FOR 2025-30

This is an ambitious plan, built on a strong track record. It shows we want to play a leading role in restoring our sector's credibility today, while pushing forward with sustainable change for future generations.



The water sector has achieved much over the last 30 years – and performance standards compare well to other countries. But we need to do more, and we need to do it faster. As recent research by both Ofwat and the Consumer Council for Water (CCW) has shown, as a sector we are losing the trust of our customers.

At the same time, we live in a period of rapid change. Population growth, climate change, economic uncertainties, new technologies, changing expectations and environmental ambitions, which we once saw as in the distant future, are now much more immediate. By 2050, summers in the Midlands will be 16% drier, winters 13% wetter and the population we serve will have grown by 12% to 9 million. Patterns of availability of our natural resource are changing. Our customers are changing too – in terms of their expectations, their personal circumstances and their use of our product. We must change with them.



Over 68,000 customers have taken part in research to develop this plan.



This needs a step up in investment. But changing in the right way means twinning this with novel, more sustainable approaches and a shift in how we all use water - especially if we are to keep bills affordable for every generation of customer. Crucially, if we are to unlock these opportunities fully, we need our customers' support. And to earn our customers' support, we must, as a sector, rebuild our credibility.

We started by listening to what our customers are really saying. Over 68,000 customers have taken part in research to develop this plan – that's in addition to our on-going research with customers over the last decade. Around 630 stakeholders have helped to shape it, by supporting us in developing our long term strategies and strategic investments. We're committed to working in partnership with them to deliver it. And in response to what we've heard, we've built an ambitious plan that delivers on what matters most to our customers:

- We're pushing hard on three totemic issues - pollutions (where we're targeting a level of performance that any company has only achieved once in the last 12 years), storm overflow spills (so that we can meet the Government's 2050 target five years early), and water use (both leakage and household consumption) where we'll meet the Government's target for 2050 and 2038 respectively, at least five years early.
- We're building on our strong track record by creating new service benchmarks for customer and environmental priorities. As well as pollutions, we want to push the industry's performance frontier for external sewer flooding and household consumption. We're also targeting better than forecast upper quartile industry performance on key

wastewater measures, and better than forecast upper quartile performance for water and sewerage companies on key water measures.

- We'll continue the momentum we've built through our investment in innovation and global collaboration into the next five years. Severn Trent Plc will reach operational Net Zero, and our investment in driving down process emissions from wastewater will establish a pathway for our industry to follow.

The scale of the investment we're proposing – with enhancement investment business cases totalling c.£5 billion¹ – will mean that the average combined household bill will increase by an average of £2.32 a month, over the next five years. With clear statutory and customer drivers that show customers are not paying twice for the same outcome, we know we need to work hard to ensure this investment is affordable and to earn our customers' confidence that their money will be well spent:

- We've thought carefully about intergenerational fairness. 94% of the investment we're proposing is either required to deliver statutory obligations by 2030, or will work towards statutory obligations after 2030 – so we know it's a good choice for this generation and those to come.

¹ Our plan includes a further c.£0.9 billion of recurring or modelled enhancement expenditure.

Christine Hodgson, our Chair, attending a customer focus group.



- We've stretched ourselves to deliver more from the £7 billion of base costs that we will use to run our company - our plan is c.5% more efficient than Ofwat's benchmarks, with c.4% driven by cost savings and the remainder from service improvements.
- We're acutely aware of the cost of living pressures some of our customers already face. We'll more than double the number of customers we can offer financial support to, so that by 2030, the support available exceeds the number of customers we forecast will be in water poverty.
- Our shareholders will fund further support for our customers and the communities where they live. This includes helping 50,000 customers a year with debt repayment, providing 10,000 hours of employability support a year and paying at least £2 million a year into our Community Fund (or more depending on our performance) to go to projects chosen by our customers.
- We know returns must be earned. We will only pay dividends when our performance supports it. In 2022/23, our Executive Director bonuses were paid for in their entirety by the holding company, Severn Trent Plc, supported by strong performance of our non-regulated companies. In the future, they will continue to be paid for by our non-regulated companies.

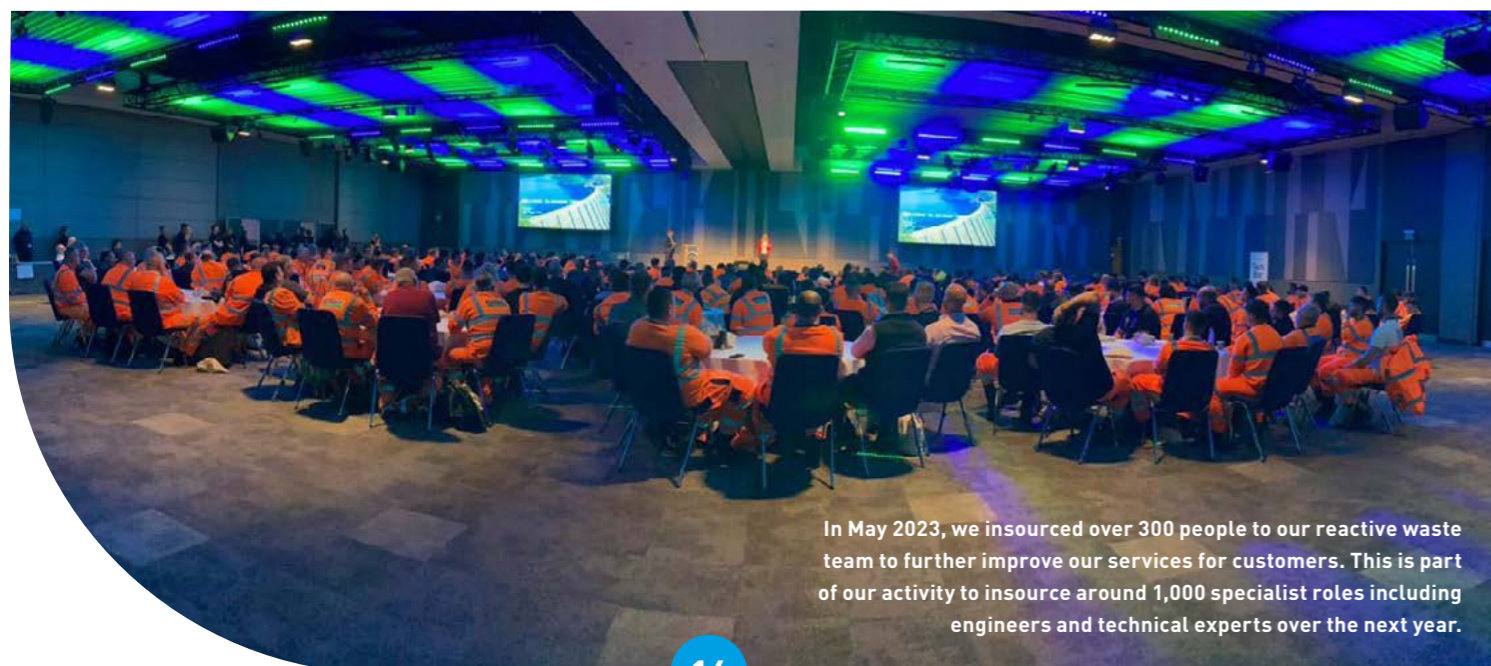


In many ways our plan is about driving a transformation - but it can't come at any cost.



We can be this ambitious partly due to our strong track record which gives us a solid foundation to build from. In the last two years (2020/21 and 2021/22) we've achieved 'leading' status in Ofwat's water company performance reports, and performed similarly well in its assessment of financial resilience.

We're proud to be the only company to have ever secured 4* status on the Environment Agency's Environmental Performance Assessment (EPA) for four years running. We also know we don't always get things right, and to sustain 4* status in the future, we're committed to learning and acting where we should. And on customer experience, where our performance hasn't been as strong as on other customer outcomes, we're spending around £150 million in new technologies and insourcing roles now, so we can excel for our customers right from the beginning of AMP8.



In May 2023, we insourced over 300 people to our reactive waste team to further improve our services for customers. This is part of our activity to insource around 1,000 specialist roles including engineers and technical experts over the next year.

In many ways our plan is about driving a transformation - but it can't come at any cost. Sustainable, affordable change requires innovation. With international collaboration, and Ofwat Innovation Fund support, we're already creating the world's first carbon neutral wastewater site. Our next innovation hub will be dedicated to finding ways to eradicate storm overflows for much less than the £350 billion to £600 billion that some national estimates suggest. These hubs are underpinned by the same philosophy. They draw together established and new technologies, nature-based solutions, and AI to help us get the very best out of our existing assets, rather than starting from scratch. And you'll see many of the innovations we've been working on embedded in our strategic enhancement investment proposals.

We're confident in our plan, so we're fast tracking over £400 million of investment. That's on top of the £566 million (2017/18 prices) additional investment we're already making in this AMP to support our region's 'green recovery'. This acceleration means customers and the environment get promised outcomes sooner, while also supporting timely delivery of a substantial investment programme. And we'll use Ofwat's price control deliverables (PCD) mechanism as a way to support the delivery of customer priorities, including boosting water supply resilience, earlier in AMP8.

The work we've undertaken over this AMP to diversify our supply chain (working with over 60 partners and introducing 12 dedicated environmental framework contractors), means we're uniquely placed in our sector to deliver novel and traditional investment at this scale. We've insourced our capital design team with more delivery focused roles to come, and applied diligence in working with our supply chain to confirm their capacity. And we've innovated by working with the Manufacturing Technology Centre and automotive supply chains to develop manufacturing capability that will deliver 'off the shelf' standard components. These factory-built solutions, a first for our sector, could reduce end-to-end delivery times by years in some instances.

These steps mean that our customers should be confident we have the capacity and capability to deliver. We'll also be supporting water customers beyond our region by using less of the national industry's traditional supply routes and creating new ones they can draw on. For example, we'll be sharing our factory facility design with the wider sector rather than seeking to patent it.

With the potential to create 7,000 jobs in our region and supply chain, our investment will have important regional impact too, and we hope our focus on employability support - for some 100,000 people over a decade - will help a much more diverse range of people benefit from these opportunities.

As this plan will see us deliver a record £5.1 billion of new investment to improve services to customers and enhance the environment, to fund it we have raised £1 billion of new equity from our investors. This equity raise is good news for our customers and investors. It means we have a fully funded equity plan for 2025-30 and supports our plans to fast track over £400m of investment over the next 18 months. This equity raise reflects our confidence in our plan, as opposed to endorsing Ofwat's early view of the weighted average cost of capital (WACC) - which we understand will be updated to reflect the latest market evidence and ensure a fair balance of risk and return across AMP8.

We're excited about this plan and its potential to deliver for our customers, the environment, our region, and where earned through strong performance, our investors. With customer-tested acceptability levels of 76%, it's well supported by the people who matter most to our service too. It is a plan that embraces the need for change. It sets out an ambitious response. And it can, and will, be delivered.

Liv Garfield

Chief Executive

DRIVING CHANGE: THE WORLD WE OPERATE IN

Our world is changing faster than ever before: new technologies; climate change; and shifts in demographics, societal expectations and the economy, create both challenges and opportunities for us.

Some changes remain uncertain, such as the impact of global events on the economy in the near term. But for others, for example, climate change over the next decade, we can more confidently predict there will be some intensification of their impact.

Taken together, the critical momentum of these changes – in terms of their magnitude and pace – speaks to a watershed moment for our industry. It is one that this five year plan fully embraces.

CLIMATE CHANGE AND THE ENVIRONMENT

1. Climate change will reduce water availability

Summers in the Midlands by 2050 will be on average 2.6°C warmer than today with 16% less rainfall. Our modelling suggests that 4.6% of our current abstraction is vulnerable to such climate change and a further 8.7% may need to be forgone to ensure the sustainability of our rivers, streams and aquifers. Collectively, this could amount to a loss of 290 Ml/d of supplies.

Our plan responds by investing in replacement water sources that can better sustain future abstraction and by using a combination of advanced treatment and catchment management to protect existing sources. See pages 31 to 33.

2. More extreme weather will increase surface water

By 2050, winters will be warmer and around 13% wetter across the Midlands, with more extreme heavy rainfall events. Summers will be drier overall, but subject to heavier, torrential downpours with the potential to spark localised flash flooding. This, twinned with the challenges of urban creep and population growth, will increase volumes of surface water. Without intervention, this could result in 39% more properties at risk of internal sewer flooding and 14% more spills from storm overflows annually by 2050.

Our plan responds with ambitious proposals to reduce the average number of storm overflow spills by 30% by 2030. We will also create four new urban catchments designed to use a combination of traditional, nature-based and AI solutions to manage surface water and create a blueprint for broader use in the future. See pages 35 to 38.

3. Our water resources are an integral part of natural ecosystems increasingly under threat

The Kunming-Montreal Biodiversity COP15 in 2022 brought into sharp focus the ongoing degradation of natural ecosystems across the world, and introduced binding commitments to restore 30% of them. Globally, the UK is among the bottom 10% of countries on the Biodiversity Intactness Index. We are very aware of the potential of our operations, through abstraction, pollution risk or construction, to impact natural habitats and biodiversity. We also have the potential to protect and enhance biodiversity both on our own land, and within our wider water catchments, through conservation partnerships and the adoption of nature-based solutions.

Our plan responds by using methods including catchment nutrient balancing to reduce phosphates in rivers while boosting biodiversity, and builds on our ambition to improve biodiversity on 10,000 hectares of land by 2025. See pages 36 to 40.

4. Mitigating climate change will require rapid decarbonisation

Climate change is among the most significant challenges of our generation. The steps we take between now and 2030 will be critical if we are to limit global warming to 1.5°C, the long-term temperature ambition of the Paris Agreement. However, with 2022 being the sixth warmest year on record, and global averages reaching 1.16 °C above the pre-industrial baseline, even this appears increasingly challenging.

The UK is one of the few countries with a legally binding commitment in line with the global Paris Agreement: Net Zero greenhouse gas emissions by 2050, and a 78% reduction by 2035 (from a 1990 baseline). Water companies have played a strong role in meeting the Government's climate commitments, not least by investing in renewable energy generation. However, process emissions – particularly those emanating from wastewater treatment – remain a significant hurdle to overcome for our industry to achieve operational Net Zero.

Our plan responds by committing to Severn Trent Plc achieving operational Net Zero by 2030, supported by new investment in our wastewater sites to drive down process emissions and those from heat and fuel. See page 41.

DISRUPTIVE TECHNOLOGIES

5. Digitalisation gives us power to drive asset optimisation and service improvements

Combining operational technology with digital models offers many opportunities. It will become increasingly possible to predict and visualise the future, connect the real and digital worlds, and use machine learning and AI to assess risk and automatically optimise how water and wastewater networks are operated for changing conditions.

Our plan responds by furthering the digitalisation of our wastewater assets. With AI and predictive modelling, and use of existing and nature based engineering solutions, this will further optimise the use of wastewater assets. More widely, we will be expanding our use of AI across our business to take new, and emerging, opportunities to better tailor our service to our customers' specific needs. See pages 38 to 39.

Our Great Big Nature Boost is supporting the reintroduction of species to our region, including, in partnership with the Derbyshire Wildlife Trust, beavers to Derbyshire for the first time in 800 years.



6. Consumers will be increasingly empowered by smart technologies in their homes

The penetration rate of the smart home market globally is expected to increase from 16.4% today to 28.8% by 2027. As customers become increasingly accustomed to controlling their energy use with real time data and insights, we expect customers will want similar empowerment for their water use.

Our plan responds by installing one million smart meters and exploring innovative new tariffs that reward changes in consumption habits. See pages 30 to 31.

7. Tackling cyber security risk will become an increasing priority

The rise of disruptive technologies, adoption of smart technologies and even the increasing digitalisation of customer service channels, risks greater exposure of IT system vulnerabilities and the impact of any breach. With water now the fourth most targeted Critical National Infrastructure in the world, a commensurate shift will be needed in our approach to cyber security.

Our plan responds by investing in the latest 'zero trust' cyber security approach used by the US Government. See page 34.



By 2050, the population we serve **will have grown by 12%**, the third fastest of any region in the UK.



PEOPLE, THE ECONOMY AND SOCIETY

8. Population growth will drive more demand for water

By 2050, the population we serve will have grown by 12%, the third fastest of any region in the UK, reaching almost nine million people. If no action is taken, the effect of more people and households is likely to add a further 130 million litres per day of water demand.

Our plan responds by adopting a range of demand management measures and investing in more sustainable replacement supplies. These include leakage and demand reductions, investment in smart meters and greater connectivity to meet peak demand when temperatures rise. See pages 30 to 32.

9. Storm overflows are not acceptable to the majority of customers

Increasing awareness of the operation of storm overflows and the visible impact on rivers means the majority of our customers now believe their operation under any circumstances - even as designed into the sewerage network for over a century - is not acceptable. In our research, 70% of respondents agree that no sewage should enter rivers, no matter how dilute, 63% agree that investment is urgently needed to reduce the use of storm overflows, and 49% believe they should stop being used regardless of cost. There is now a uniquely strong mandate for accelerated action.

Our plan responds with ambitious proposals that will accelerate our progress against the Government's Storm Overflows Discharge Reduction Plan. See pages 35 to 37.

10. The investment required will impact customer bills and affect affordability for some

The size of investment required over the next three decades to secure the future of our services will be sizeable. With around 6% of customers in our region currently estimated to be in water poverty, we forecast this proportion will increase with rising investment if there is no sustained economic growth to support incomes, or additional support to pay water bills.

Our plan responds by more than doubling the number of customers we are able to offer financial support to. See pages 42 to 43.

11. The causes and incidence of poverty are changing

Compounding the challenges of ensuring water bills remain affordable is the changing nature of poverty in our region. The West Midlands Metropolitan area has the highest proportion of the working age population with no qualifications amongst all English regions, while simultaneously there are skills shortages. And, both regionally and nationally, poverty has shifted more towards in-work households (for example, due to low wages, zero hour contracts and job insecurity) while housing costs are increasing significantly, pushing many people into poverty.

As a water company, and as an employer of around 7,000 people in these areas, we can not only act through the size of our bills and the support we offer, but also by tackling some of the underlying causes of poverty.

Our plan responds with a shareholder funded Societal Strategy which focuses on increasing employability in some of our region's most deprived areas. See pages 44 to 45.

12. Declining trust in water companies

This is a period of significant scrutiny for our industry, and there is a worrying, emerging trend of declining trust from customers. Recent research from both Ofwat and CCW suggest trust in our sector has declined over the last year, and the poor perceptions of some customers are concerning. In Ofwat's research, customers were twice as likely to agree that their water company puts the interests of shareholders/owners first (47%) rather than acting in the interests of customers (25%) and the environment (27%).

Our plan responds by driving transformation in Severn Trent and our sector. It delivers ambitious improvements in leakage, pollutions and storm overflows. It seeks to double the number of customers we can support with bills and goes further with shareholder funding to support employability, help customers with debt arrears and our customer-led Community Fund. See pages 30 to 45.



Our first 'Big Boost for Brum' event in Birmingham in July 2023 was an important early milestone in our decade long Societal Strategy commitment to provide employability support to 100,000 people in the Midlands to help tackle the underlying causes of poverty.

EMBRACING CHANGE: OUR VISION AND STRATEGY

Our vision and strategy are designed to fully embrace the opportunities presented by the rapidly changing world we operate in. They reflect our potential to drive positive change for our customers, communities and the environment we all depend on.

OUR CUSTOMER IMPERATIVES

Every day we gather new insights about our customers, their changing needs and circumstances, and their perceptions and expectations of us. Across all the insight we collect, three themes consistently emerge as being fundamentally important to them:

High quality and reliable:

A high quality, reliable service that can be depended on no matter what, where our customers know they are valued.

Sustainable:

Confidence we are doing the right thing for the environment, society and future generations.

Affordable:

Water should be affordable for everyone – so that no person or generation is left behind.

We use these customer imperatives as an anchor against which to gauge our plans and strategies; the outcomes we propose to deliver; the solutions we intend to use; and the pace at which we progress.

ONE SIMPLE VISION

Our vision for the next 25 years is deliberately simple, reflecting a changing world, while keeping at its core our purpose to take care of one of life's essentials:

No matter what the future holds, our customers can depend on our high quality and reliable, sustainable, and affordable service.

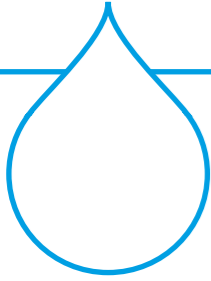
This simplicity, however, does not belie the fact that transformational change is needed, and the future will look very different. This change comes from:

How we achieve our vision

In the past	Towards the future
Rigid infrastructure, point source solutions, latent capacity	Digitalisation, dynamic, intelligent networks
Secure physical assets	Secure physical and cyber assets
Abundant, predictable water	Optimised supplies, optimised use
Distinct services	Integrated catchments
Regional focus	National and global collaboration
Capital expenditure first	Nature-based solutions, behaviour change
Energy and carbon intensive to run	Operational Net Zero, then Net Zero
Carbon intensive to build	Nature-based or factory built, carbon light
Safe disposal	Waste as a commodity, circular economies
Depleting natural resources	No harm, towards restoration and regeneration
Underutilised land	Restored habitats
Reactive to data	Dynamic compliance

How it looks and feels for our customers

In the past	Towards the future
Unobtrusive service, abundant product	Engaged consumers, with intentional use
A silent company	Active in communities, trusted partner, driver for change
Focus on 'average' customers	Focus on individual experiences and behaviours
Help with bills	Supporting opportunity and prosperity, as well as bills
Grey infrastructure	Greener communities, growing forests, restoring habitats, healthier rivers



DEEP DIVE: WORKING HAND IN HAND WITH NATURE

Many of the challenges the water sector faces cannot be solved alone: water scarcity, climate resilience, carbon, biodiversity collapse, river health and poverty. They require a multi-agency approach, co-ordinating and collaborating to find the right long-term solutions. And as we have developed our strategic enhancement investments, we have already identified more than £180 million of third-party investment where we have overlapping drivers or solutions just in the next five years.

Nature itself is one of our most important partners, and our approach builds on a track record of delivering significant improvements to the biodiversity of our natural environment, both independently and with third party co-operation. In this AMP alone we have:

- delivered 7,727 hectares of biodiversity improvement and planted 694,144 trees - with an ambition to improve 10,000 hectares by 2025 (2% of the UK Government's total requirements as part of its COP15 commitment);
- engaged with 7,506 farmers across 48 catchments and 432,000 hectares to protect raw water quality; and
- restored 1,218 acres of peatland by working with partners including Moors for the Future.

All of these have involved broadening the types and volume of partners we work with in our supply chain - establishing new relationships that will help us to deliver our ambitious plans for the next five years.



Working with our partners, we have planted almost 230,000 trees this year (2022/23), taking our total to nearly 700,000, over halfway towards our 1.3 million target by 2030. Our communities have benefited through increased biodiversity, and natural protection against the worst effects of climate change, as well as enriching their local natural environment.



Our catchment nutrient balancing activity will help to remove 10.75 tonnes of phosphate a year from rivers and enhance biodiversity on 8,393 hectares of farmland, through converting farmland into grassland habitat to support a number of plant, animal and insect species.

We want to deepen the integration of nature into the solutions we propose. To protect raw water quality we will be working in 64 catchments to reduce the pesticide, nitrate and cryptosporidium concentration in both ground and surface water sources. We hope to work on the ground with over 1,000 farmers in the region to reduce nutrient loads and with multiple environmental organisations and charities on landscape recovery projects from the Wye Valley to Sherwood Forest to reduce phosphorus, improve biodiversity, restore sites of special scientific interest (SSSIs) and enhance natural habitats. In delivering these objectives we will be working on over 780,000 hectares of land in our region while investing in partnership funding. Overall, our approach has a benefit to cost ratio of £5.33 of environmental benefits for every £1 invested, which demonstrates a compelling business case for investing in nature.

In our approach to improving river water quality, we will be replacing 13 septic tank sewage works with wetland treatment systems to remove BOD (biological oxygen demand) and suspended solids which can stress aquatic life in rivers. An additional wetland treatment system will be installed to deliver phosphate removal. These 14

nature based wetland systems will improve water quality in approximately 30km of river. We will also be upgrading 11 sites with reed bed systems as part of our phosphate and ammonia removal programmes, improving a further 72km of river. And we have included 13 large scale Catchment Nutrient Balancing projects, where we will work with the agricultural sector on diffuse nutrient control measures to offset our point source discharges. We anticipate that these schemes will remove 10.75 tonnes of phosphate a year and enhance biodiversity on 8,393 hectares of farmland. Learning from these projects will lay the foundations for more lower carbon, lower impact solutions in the future.

We will use nature to tackle flood risk and storm overflow improvements too. Our plan uses green and blue solutions to separate c.52 hectares of land to reduce surface water, covering c.4 hectares in nature-based solutions. Vitally, our work on surface water management will help reduce internal flood risk at around 840 properties and help improve c.1800km of river impacted by storm overflows, resolving a number of the RNAGS that we are accountable for.

PACING CHANGE: PROGRESS TOWARDS 2050

The extent of the future challenges we face, and the longevity of the solutions we invest in, mean the decisions we make in this plan will impact our customers, the environment and society for generations to come. Our plan aims to find the right balance between securing our services for future generations and meeting the needs of our customers today.

RIGOROUS, ADAPTIVE PLANNING

Our Long Term Delivery Strategy brings together at a more granular level every aspect of our strategic planning frameworks, statutory environment programmes and planned enhancement activities. It is a single 25-year strategy covering both water supply and wastewater services.

This strategy, based on a rigorous adaptive planning approach, has involved many iterative steps and engagement with customers,

stakeholders and our Board. It accounts for future uncertainty by using different pathways and scenarios to test investment propositions.

This gives us confidence that we are making the right long term choices in this business plan. Of the £5 billion of enhancement investment business cases proposed:

82%

is needed to meet 2030 statutory timescales.

12%

is needed to make progress towards statutory obligations that are required after 2030.

6%

relates to investment that is needed to manage future risks or deliver customer driven improvements.

MAKING CHOICES ABOUT PACE

With around 12% of our enhancement investment working towards statutory obligations in the period 2030-50, and a further 6% driven by customer support for action and changing risks in our operating environment, we have more choice about pace than the 82% of investment that is required to meet statutory targets by 2030.

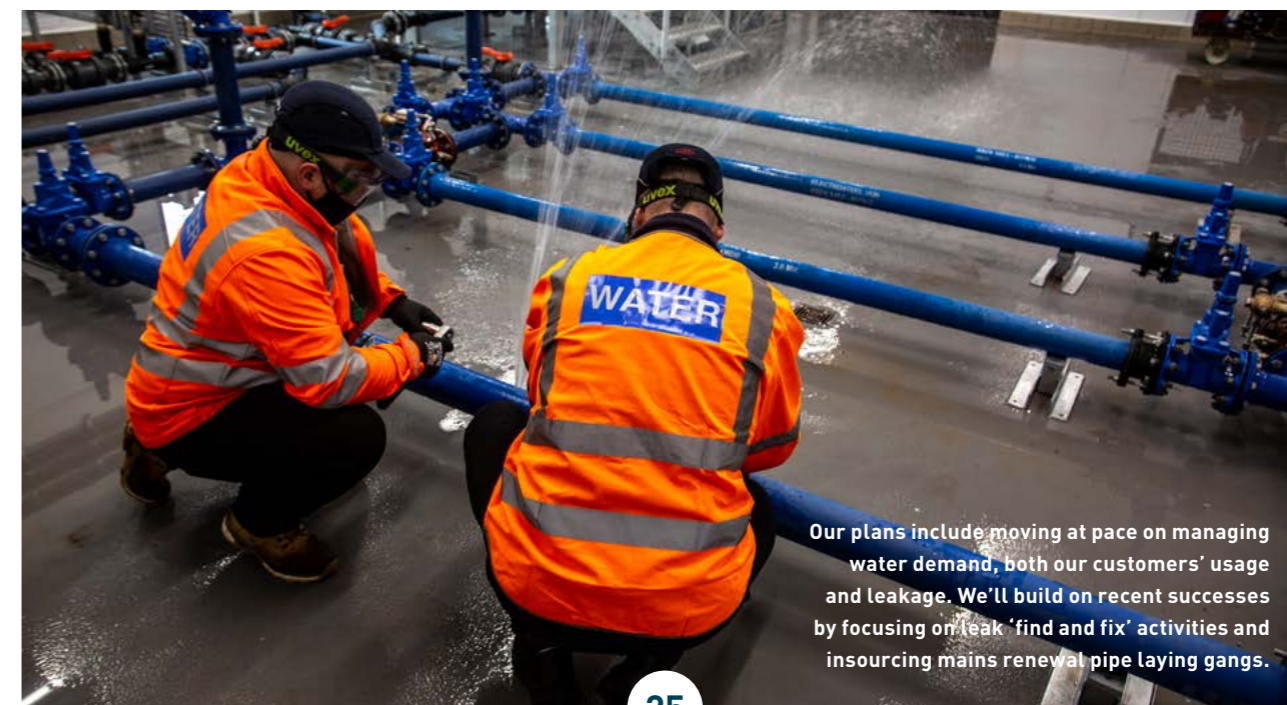
These choices can require us to balance a range of considerations including customer preferences, present and future affordability, the future availability of new technologies, and other uncertainties about how the future could unfold. Our adaptive planning approach, including extensive research with our customers, has helped us to make those choices including:

- **Accelerating pace** – we are moving faster on storm overflows, leakage and household demand management, and pollutions, accelerating progress against relevant government targets by at least five years.
- **Even pace** - investment in operational Net Zero will continue the momentum we have built over AMP7, help to offset the upward pressure on wastewater emissions from meeting increased treatment standards, and make sure we maintain an even pace with the Government's

2050 targets. To meet the Government's targets for an 80% reduction in phosphorous impacting rivers by 2038, we have spread the value of our programme evenly between AMP8 and AMP9. By prioritising areas impacted by RNAGS in this AMP, we will address 99% of those attributed to us by 2030 (from a 2022 baseline). While spreading the cost in this way helps to keep bills more affordable, we want to make as much progress against the remaining 14 RNAGS as soon as possible in AMP9. We plan to progress with feasibility throughout AMP8, accelerating investment where we can, so that we are starting construction as AMP9 (2030/31) begins.

- **Keeping pace** - we will continue to invest to make sure we manage risks and meet required standards for emerging raw water contaminants including microplastics during AMP8. Gathering robust data now will help us to make effective investment decisions in AMP9 when we anticipate a further tightening of standards.

Read more: our Long Term Delivery Strategy sets out in more detail the pacing decisions we have made, and the evidence supporting them.



Our plans include moving at pace on managing water demand, both our customers' usage and leakage. We'll build on recent successes by focusing on leak 'find and fix' activities and insourcing mains renewal pipe laying gangs.



Our ten-year Societal Strategy will see us working with schools to provide work experience placements and 10,000 hours of free skills training and employability training to support individuals into their first job. Our programme of work experience weeks, discovery days, training in schools and Severn Trent Academy 'pop ups' will help improve the lives of people in our communities.



Our dedicated team of River Rangers are working in partnership with our communities to support delivery of our Get River Positive Pledges.

WORKING NOW WITH THE FUTURE IN MIND

We know that operating our business in the right way today, makes choices about the future easier. Over AMP6 and the first three years of AMP7, we have taken five steps which have left us more strongly positioned for the choices we have made in this plan. They reduce the need to make trade-offs between: investment need and capacity to deliver; and investment need and affordability.

Five steps we are taking now to support intergenerational fairness:

1. Spending in line with planned investment levels

By the close of AMP6 we spent to within 1% of the total expenditure allowed for at the 2014 price review. In AMP7, we are on track to deliver our regulatory commitments, despite difficult market conditions across energy and construction. We continue to manage our plan effectively as well as delivering additional customer service benefits through choice investment.

2. Delivering more from base expenditure

By focusing on driving performance improvements and efficiencies, we can deliver more from our base expenditure for customers now. In this AMP, for example, we have been able to offer an additional £30 million of affordability support, and launch our Societal Strategy to support the prosperity of customers in the future too. We also launched our Get River Positive Pledges and, while helped by drier conditions in 2022, through additional focus and investment we reduced the average number of spills per storm overflow from 27 in 2020 to 18.

3. Investing in innovation

Outperformance against our commitments, twinned with external funding, gives us more scope to innovate. Our Net Zero Hub is a great example of how innovation in this AMP is giving us scope to make more progress in the next. For example, by drawing on increasing digitalisation and AI, including digital twins, we can get more out of our existing assets, rather than needing to build new ones.

4. Accelerating expenditure

Accelerating investment and trialling new approaches, including our £566 million (2017-18 prices) Green Recovery programme, and fast-tracking over £400 million into the final two years of AMP7 means we can deliver outcomes sooner for customers; and support efficient delivery by smoothing our investment profile.

5. Financing our business sustainably

Raising money from investors helps us to spread the cost of investment across the generations of customers who benefit from it. We are entering the next AMP in good financial health, with a strong balance sheet, a track record of raising new equity – including £250 million to support our Green Recovery investment – and consistently being rated as one of the best performers for financial resilience by Ofwat.

DELIVERING CHANGE: OUR PLAN FOR 2025-30

We want the next five years to further the transformation of our sector. We will show leadership and ambition where it matters most to our customers without losing sight of the cost of living pressures they face. We will be innovative and efficient; and with trust in our sector at stake, our ambitions must be both deliverable and financeable.

OUR PLAN IS:

<p>Ambitious An ambitious response to three totemic issues</p>	<p>Ambitious improvements across all three areas by 2030</p> <table border="1"> <tr> <td>Leakage reduced by:</td> <td>16%</td> </tr> <tr> <td>Average number of storm overflow spills reduced by:</td> <td>30%</td> </tr> <tr> <td>Pollutions reduced by:</td> <td>30%</td> </tr> </table>	Leakage reduced by:	16%	Average number of storm overflow spills reduced by:	30%	Pollutions reduced by:	30%										
Leakage reduced by:	16%																
Average number of storm overflow spills reduced by:	30%																
Pollutions reduced by:	30%																
<p>Affordable More support available for customers</p>	<p>By 2030, more support will be available than customers forecast to be in water poverty</p> <table border="1"> <tr> <td>Forecast customers in water poverty (2029/30)</td> <td>472,000</td> </tr> <tr> <td>Number of bill discounts available (2029/30)</td> <td>512,000</td> </tr> </table>	Forecast customers in water poverty (2029/30)	472,000	Number of bill discounts available (2029/30)	512,000												
Forecast customers in water poverty (2029/30)	472,000																
Number of bill discounts available (2029/30)	512,000																
<p>Deliverable Uniquely placed to deliver</p>	<p>Delivering at the required run rate for our core capital programme before the AMP starts</p> <table border="1"> <tr> <th>Year</th> <th>Capital Expenditure</th> </tr> <tr> <td>2023/24</td> <td>£0.9bn</td> </tr> <tr> <td>2024/25</td> <td>£1.4bn</td> </tr> <tr> <td>2025/26</td> <td>£1.0bn</td> </tr> <tr> <td>2026/27</td> <td>£1.3bn</td> </tr> <tr> <td>2027/28</td> <td>£1.4bn</td> </tr> <tr> <td>2028/29</td> <td>£1.4bn</td> </tr> <tr> <td>2029/30</td> <td>£0.9bn</td> </tr> </table>	Year	Capital Expenditure	2023/24	£0.9bn	2024/25	£1.4bn	2025/26	£1.0bn	2026/27	£1.3bn	2027/28	£1.4bn	2028/29	£1.4bn	2029/30	£0.9bn
Year	Capital Expenditure																
2023/24	£0.9bn																
2024/25	£1.4bn																
2025/26	£1.0bn																
2026/27	£1.3bn																
2027/28	£1.4bn																
2028/29	£1.4bn																
2029/30	£0.9bn																

<p>Efficient Stretching ourselves on base costs</p>	<p>c.£310m lower base costs than Ofwat's benchmark</p> <p>c.£80m service improvements from productivity gains</p>													
<p>Financeable Supported by a track record of sustainable financing decisions</p>	<p>Our credit rating is Stable at Baa1/BBB+, which is two notches above the lowest investment grade credit rating</p>	<p>Track record of bringing new equity into the sector</p> <p>£250m raised to support £566m (2017/18 prices) Green Recovery investment</p>												
<p>Credible Supported by a track record of strong performance for customers and the environment</p>	<p>Only company to deliver 4* for the environment, 'leading' status on service delivery, and strong financial resilience for two consecutive years</p> <table border="1"> <tr> <th></th> <th>2020/21</th> <th>2021/22</th> </tr> <tr> <td>EPA</td> <td>4*</td> <td>4*</td> </tr> <tr> <td>Performance</td> <td>Leading</td> <td>Leading</td> </tr> <tr> <td>Financial Resilience</td> <td>Top 3</td> <td>Top Category</td> </tr> </table>			2020/21	2021/22	EPA	4*	4*	Performance	Leading	Leading	Financial Resilience	Top 3	Top Category
	2020/21	2021/22												
EPA	4*	4*												
Performance	Leading	Leading												
Financial Resilience	Top 3	Top Category												
<p>Acceptable Endorsed by our customers</p>	<p>76% customers find our plan acceptable</p>													

DELIVERING ON WHAT REALLY MATTERS

Our plan is built around our three customer imperatives: quality and reliability; sustainability; and affordability. This is how it delivers against them...

1

OUR CUSTOMERS WANT A HIGH QUALITY, RELIABLE SERVICE THAT THEY CAN COUNT ON, NO MATTER WHAT

Our customers rightly expect: a high quality, reliable supply of water; to have confidence that their wastewater will be safely taken away; and to benefit from a positive overall experience of our service – one that shows they are valued as customers.

FOCUSING ON DEMAND

Our plan includes one million smart meters, leakage reductions of 16%, and more than doubling the rate of mains renewals, to secure sufficient water supplies for the Midlands over the next 30 years. Our demand measures will save around 110Ml/d, and with the new and replacement supply capacity we plan to create from more environmentally sustainable sources,

will close down our forecast 2030 supply/demand deficit. Comprising around half of the demand reductions we propose to make, our leakage commitments are deliberately stretching. We know we must secure our customers' confidence that we are doing all we can to reduce wastage, before we ask them to.

With the roll out of smart meters, we are giving one million of our customers the tools they need to better understand their consumption. We will also give them the incentives to act. Initially rolled out to 3,000 customers, we will explore tariff innovation, introducing rising block tariffs to signal and reward an efficient level of water use, while supporting our affordability ambitions. Customers will benefit from

lower charges for their first vital tranche of water use, and higher charges for discretionary use.

These strengthened incentives will form part of our plan to reduce household per capita consumption (PCC) reductions, as we target 122 l/p/d by 2030, a c.8% reduction from 2020, and meaning we achieve the Government's target for 2038, eight years early.

16%

Leakage reduction

more than x2

Rate of mains renewal

PROTECTING CUSTOMERS WHEN THEY NEED WATER MOST

Our customers have not had a hosepipe ban since 1995, but in recent years there have been times when we have had to ask our customers to reduce their water use when they and their families want it most – when temperatures soar.

The relative stability of PCC over the last decade masks more recent changes in customers' consumption habits. Water demand on hot days has increased significantly compared with cooler days over the same period. In 2022, for example, customers used an extra 52 l/p/d (38%) on extreme peak demand days, compared to their average use over the year. With prolonged hot weather events projected to increase significantly, interruptions to customers' supply could increase by 5% a year unless we take action to respond to these specific circumstances, over and above our day-to-day demand management activities.

By using a range of measures, including better connectivity on our network, we can relieve the pressure on supplies by efficiently moving water to where it is needed most. This will create the equivalent of 282Ml/d of available supplies during peak demand. This investment will not only help to provide an additional c.280,600 customers with a water supply that can withstand a 30-day extreme peak demand event, but also make our strategic grid more resilient to a wider range of hazards.

And as the severity of supply disruption impacts depends not only on a customer's direct exposure to it, but also on their social and physical vulnerability, we have tested the prioritisation of our schemes to ensure investment will provide better protection to vulnerable customer groups.

We will also increase investment in our Network Response Team, including a fleet of tankers, to boost alternative supplies to customers in the event of a supply interruption. Our investment in this AMP played a crucial part in our improved response to the December 2022 freeze/thaw event (with a 93% improvement on some customer metrics compared to the 2018 'Beast from the East' event). Given the demonstrable benefits to customers, tankers and overland pumping – as well as using traditional bottled water approaches – are the most effective way for us to meet new requirements of emergency measures legislation. While we are confident this blended approach will deliver a better service for customers than using bottled water alone, it is more expensive. However, we will only pass on to customers' bills the costs of using bottled water alone. In effect, our customers will receive a best value solution, but pay for the least cost, receiving an additional £13 million of benefits.

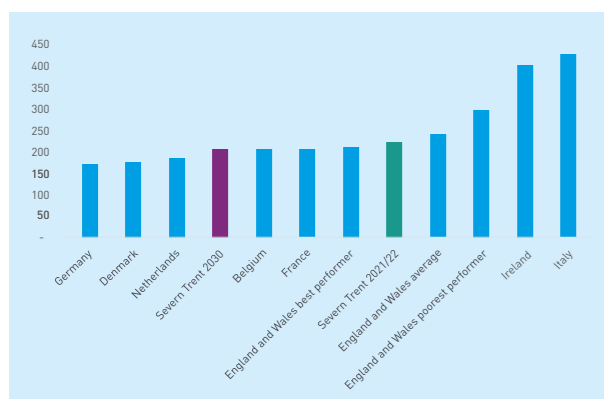
DEEP DIVE: LEAKAGE AND ENCOURAGING EVERYONE TO USE WATER MORE EFFICIENTLY

Leakage is a totemic issue. It is often cited by our customers, unprompted, as a concern. When perceived as unnecessary waste, it can be a barrier to persuade customers to use water more efficiently.

To make sure we are all using water more efficiently, ultimately we want to minimise the amount of water we put into supply per person (distribution input per capita). That means focusing on both of its component parts – the amount of water our customers use and how much water is lost through leaks (from both our pipes and our customers’ pipes).

By looking at distribution input per capita, we can also better understand how efficiently we are using the water we put into supply compared to data for Europe. On this basis we were equal third best performing company in England and Wales in 2021/22 and performed better than European countries like Ireland and Italy (based on available data). However, we know there is more we need to do, and by 2030, we want to get much closer to leading countries like Germany, Denmark and the Netherlands.

Comparison of distribution input performance in England and Wales in 2021/22 and available data for Europe (l/p/d).



So, what to do we plan to do?

1. Accelerate our progress on leakage

We want to show leadership, by being ambitious about our own resource use first. We are proposing a 16% reduction in leakage (from a forecast 346 ML/d in 2024/25 to 290ML/d in 2029/30). Based

on performance in the sector to date, this would enable us to make a huge step forward and challenge some of the leading companies with higher metering penetration, and importantly enable us to move closer to where Europe’s leaders are today. It would also mean we are reducing leakage from a 2019/20 baseline by 32% in ten years – helping to accelerate reaching the Government’s 2050 targets for achieving a 50% leakage reduction by five years.

We will deliver these savings using a mix of activities. These include, pressure management, active leakage control, and reducing trunk main leakage. These build on emerging successes from our current leakage reduction programme, such as:

- **Focused resources:** This year (2022/23), we found and fixed our highest number of leaks ever at 50,000 supported by a 20% increase in ‘find’ headcount. By insourcing our mains renewal teams ready for AMP8, we expect to build on these successes
- **Operational improvements:** These include pressure management and network calming, as well as creating a new team to investigate unbilled and unmeasured consumption, which would otherwise be included in leakage calculations.
- **Innovation:** Including a three-year industry collaboration on a new analysis modelling tool, called Paradigm, as well as building on our use of acoustic loggers and trialling new technologies including hydrophones.

And by more than doubling our mains renewals rate, we will help to prevent future leakage. Around half of the cost will be paid from our day-to-day running costs, a quarter from enhancement investment and the remaining quarter will only impact customers’ bills once delivered.

2. Support our customers to reduce consumption

With our investment in smart meters, innovative trials and empowering customers with real-time data, we want to support our household customers to make similarly ambitious reductions in their consumption. Like leakage, our PCC targets are stretching – we are planning to reach the Government’s 2038 target for PCC, in 2030. We will also work with business customers and retailers too with the aim of offsetting forecast growth in business demand - driven by expected economic growth in our region - so that everyone plays their part.

PROTECTING OUR RAW WATER SOURCES

We have 12 raw water sources, contributing around 338ML/d to our water supplies, which are proving susceptible to the impacts of third-party pollution and environmental changes within our catchments. To ensure our customers in the future continue to benefit from high quality drinking water, we will use a combination of enhanced treatment, including ultra violet (UV) treatment and advanced ceramic membranes. Building on our AMP7 successes, around 30% of the water sources we plan to protect will be supported by catchment management activities.

Our programme includes investment to meet new water quality standards for perfluoroalkyl and polyfluoroalkyl substances (PFAS), also known as ‘forever chemicals’. Through advanced carbon-based absorption treatment processes, we will: remove PFAS at two sites; use catchment investigations to reduce future treatment costs; and build our specialist laboratory capability to confirm PFAS removal and inform long-term planning for this emerging contaminant.

With support from our customers, we will go further on lead. Uniquely placed to capitalise on the experience we have gained through our Green Recovery lead replacement trial, we will continue to work within the DWI’s lead free

strategy. Mindful of affordability, in AMP8 we will focus on the most vulnerable, with grants available for 500 financially vulnerable customers to have their communication pipes replaced. We will investigate sources of lead in up to 1,000 schools and nurseries and replace lead communication pipes where necessary. This project is an ideal candidate for partnership working, and we are actively pursuing opportunities with stakeholders in the field of education.

SHOWING CUSTOMERS WE VALUE THEM, AND THEIR TIME

We know we can do better in terms of our customers’ experience of us, where our performance has often been middle of the pack for our industry. We are ambitious that we can:

- leapfrog into the top three for our industry by 2026 on Ofwat’s measure of performance (C-MeX);
- drive down complaints to be the best performing company on CCW’s measure; and
- be in the upper quartile for the utilities sector – comprising around 30 different organisations across water, electricity, and gas, on the Institute of Customer Service’s measure.



Our Green Recovery project at Church Wilne and Witches Oak, including trials of ceramic membranes, wetlands and UV, is informing our AMP8 approach to water treatment.

DEEP DIVE:

FAST-TRACKING £150 MILLION OF INVESTMENT IN OUR CUSTOMER AMBITIONS TODAY

We have shown potential to deliver one of the best customer experiences in our sector, and improved our C-MeX rank on water and waste to 7th and 10th respectively in the last year. But as a 'middle of the pack' performer we know we have more to do. So we are committing £150 million of investment now, with the ambition of delivering improvements as early as possible in this and the next AMP. This reflects our determination to transform our customer experience and deliver a more personalised and considerate service to our customers.

Three steps to improving customer experience

1. Insourcing and investing in people

This year we announced the significant step of insourcing our 300 person reactive waste team which provides our customer blockage, flooding and pollutions response. Insourcing offers a number of benefits, not least the opportunity to invest in skills and training (using our dedicated Academy) and reinforcing our customer-centric culture. The move builds on the recent integration of our waste planning team into our centralised workforce management and optimisation teams. This is already showing promising results by allowing us to keep customers better informed and supporting a 29% improvement in waste complaints this year (2022/23).

Ultimately these changes, by enabling faster resolution, will create value for our customers by giving them back time. So too will our new commitment to reduce the time customers spend in roadworks due to our works. With enough mains renewals to stretch from John O'Groats to Land's End almost twice over the next five years, and with the West Midlands having the highest car dependency in the UK (at 9,000 miles annually, close to double the next highest), this bespoke performance commitment will be more valuable to our customers than in any AMP in recent history.

2. Designing more customer-focused roles

We are creating a new team of customer-dedicated inspectors and technicians to work with customers to drive down leakage both on our network and within customers' properties. Available during weekends and evenings, as well as usual business hours, our inspectors will provide customers with an end-to-end service, promoting ownership and accountability and ensuring customers are kept fully informed to resolution. For our waste service, we are introducing multi-channel case management, upskilling our customer operations service centre agents so that they are better equipped to diagnose waste issues at customers' first point of contact.

3. Investing in technology and data

We are investing tens of millions in intelligent planning and automated scheduling for our 4,000-strong field force team. We'll be providing real-time updates on progress and ensuring that we have the right people, with the right skills and equipment on site at the right time. From our customers' perspective, this means that we will not only keep them better informed, but we will be able to resolve their issue first time.

And as we move into AMP8, our new water usage management platform will allow us to better tailor services to our customers' needs and consumption characteristics by enabling innovative tariffs and propositions to drive water demand reduction, with personalised insights and advice.

SECURING CUSTOMERS' DATA AND OUR ASSETS

A theme across our plans, be it to drive improvements in customer experience, support people at risk of falling into debt, or our ambitious waste plans detailed below, is digitalisation. And with increasing digitalisation comes increasing cyber risks. With water now the fourth most targeted Critical National Infrastructure sector in the world, we will make a paradigm shift to the 'zero trust architecture' approach used by the US Government. This capitalises on our recent cloud-based infrastructure investment and ensures the continued protection of our water and wastewater services, as well as our customers' data.

2

OUR CUSTOMERS WANT TO BE CONFIDENT THAT WE ARE DOING THE RIGHT THING FOR THE ENVIRONMENT

Our own research shows that there is a strong correlation between trust and our customers' perceptions of how well we look after the environment. The maths is not surprising - we only need to look at media coverage of our sector and sentiment on social media to see this relationship in practice.

RIVERS FIRST

When we talk to our customers about the environment today, rivers are front of mind for them. It is very clear that as a sector, we have fallen behind our customers' expectations, and risk continuing to do so unless we take bold action now. In March 2022 we made a series of ambitious Get River Positive Pledges, which are firmly embedded in our plan. Today we look beyond our Pledge to reduce the average number of times storm overflows activate to 20 by 2025, with a new target for 2030.

We have made good progress against our 2025 Pledge, with an average of 18 spills per storm overflow reached in 2022 (a 27% year-on-year reduction). Although helped by the dry summer, we are confident this was driven in the main by our ongoing investment and operational improvements - so much so that we are ready to go further and faster against the Government's target. By 2030, we will deliver a 30% improvement in our performance (from a 2025 baseline²), taking us to an average of 14, and accelerating our expected achievement the Government's requirement of a maximum of 10 by 2050 by five years to 2045.

² Using the Environment Agency's measure, or 44% based on our forecast position using Ofwat's measure.

We have also listened carefully to customers' concerns about forecasts of £350 billion to £600 billion of capital investment that could be needed to eradicate storm overflows nationwide by separating sewerage systems, and the impact it could have on their bills. We will address these concerns in two ways:

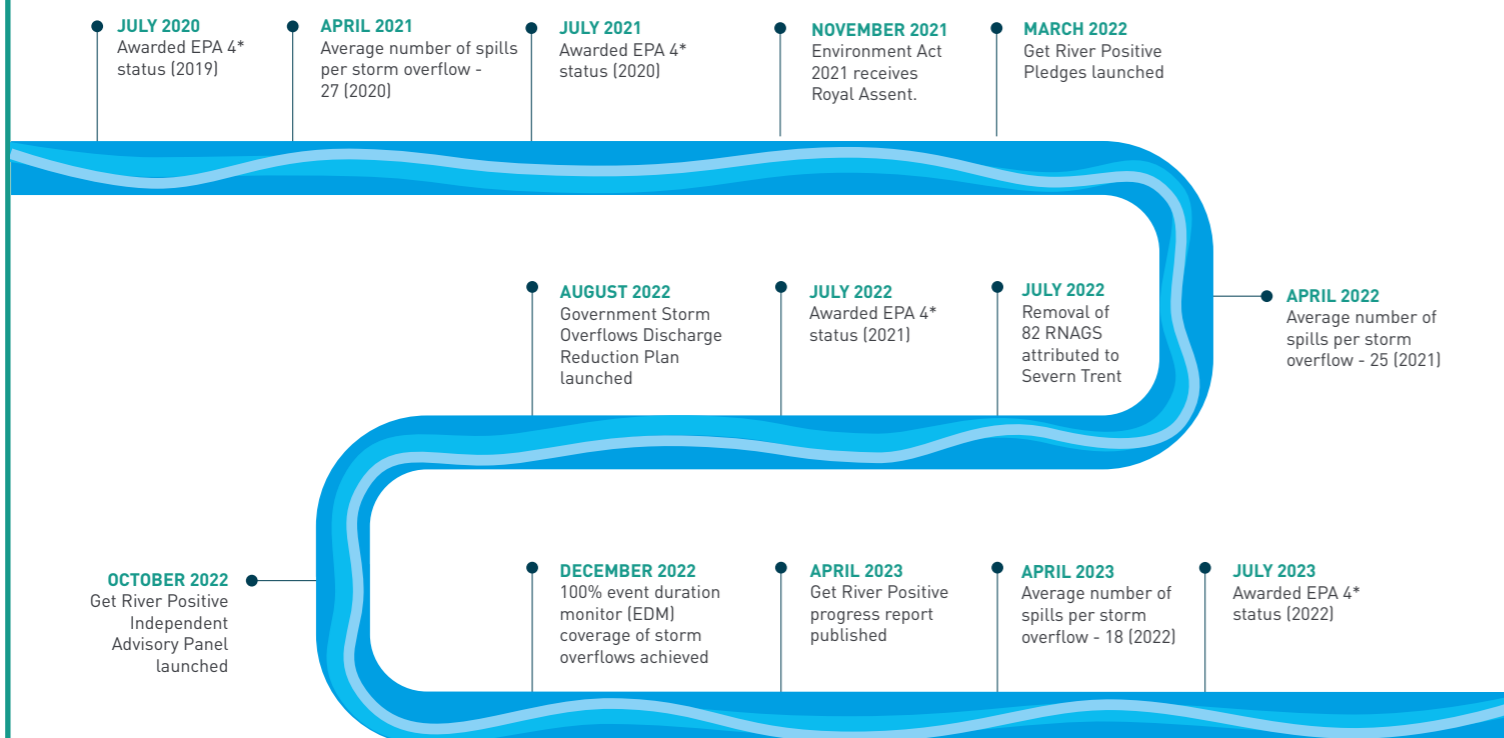
- First, the reduction in storm overflow spills we are delivering for 2025 will all be accommodated within our existing cost allowances. Also, around one third of our proposed AMP8 reduction in the average number of spills will be funded from base costs to reduce upward pressures on customers' bills.
- Second, building on our experience of creating a Net Zero Hub, we will create a 'Zero Spills Hub' designed to test a range of new technologies, AI, natural solutions and behaviour change to find lower cost ways of achieving zero storm overflow spills. And we will share our learning with the rest of the sector.

DEEP DIVE: GOING FURTHER AND FASTER ON RIVERS

1. Change is happening

Improvements in recent years have not been delivered fast enough to keep pace with our customers' expectations - the Get River Positive

Pledges we made in March 2022 are designed to show our commitment to making progress, quicker. This plan builds on those pledges.



2. Between 2025-30 we will make over £2 billion of enhancement investment in rivers

This investment will ensure that we meet all of our forthcoming statutory obligations and deliver wide ranging benefits including:

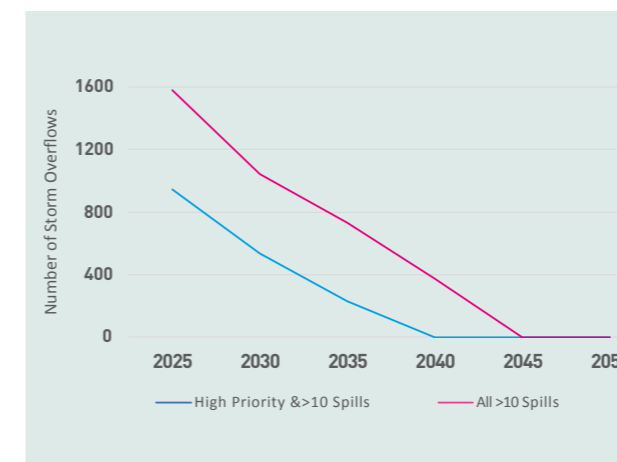
- 99% of the RNAGS assigned to us will have been addressed (from our position in 2022), with the remaining 1% restored as early as possible in AMP9, by accelerating spend in AMP8;
- 1,000 river water quality monitors will be installed;
- 1,375km of river and 6km² of lakes will benefit from phosphate removal;
- 346km of river will benefit from enhanced ammonia removal and other treatment works improvements;
- 164 tonnes per annum of phosphate will be removed from our rivers and lakes;

- 8,393 hectares of farmland will benefit from catchment nutrient balancing interventions covering 10% of all waterbodies in our region; and
- 13 environmentally sensitive areas will be improved.

3. Our investment allows us to move faster on storm overflows

The Government's Storm Overflows Discharge Reduction Plan (SODRP) sets a trajectory for delivery of the 'eliminate harm' and 'less than 10 spills' requirements. This sets both general milestones applicable to all storm overflows, and a trajectory that is specific to defined high-priority storm overflows. It is our ambition to deliver all high priority area improvements by 2040 and reduce all overflows to less than 10 spills per annum by 2045, five years ahead of the Government's targets.

Our delivery trajectory against the Storm Overflows Discharge Reduction Plan



By 2024 we will have created our storm overflow Zero Spills Hub at our Stoke Bardolph site. It will draw together a range of different approaches, on a catchment scale, to trial combinations of different solutions, including AI, to optimise asset use, behaviour change, nature-based solutions to prevent spills and more broadly find ways to manage increasing surface water challenges. Central focus points like this also have wider, cultural benefits by showing our people the art of the possible and helping to foster a zero spills mentality. This means that while our investment proposals include improvements at 562 overflows, we expect to be working on many more over the AMP.

As rivers are a shared natural asset, at the heart of many communities and impacted by a much wider range of organisations than just water companies, we believe greater cooperation and partnership working will have a key role to play in their future restoration and protection. Our 10-strong team of River Rangers are already working in local communities, and we plan to play our part in other community focused initiatives including the Ofwat Innovation Fund, United Utilities and Rivers Trust sponsored Catchment Thinking Systems Cooperative project.

4. We need to innovate

Achieving the aims of the Government's SODRP plan is forecast to cost £56 billion across our sector as a whole. The costs to completely eradicate storm overflows will be even higher. Customers are understandably concerned about these costs, and with many competing priorities for water company investment, there would be substantial benefits to finding more efficient and effective ways of tackling spills.

Our Zero Spills Hub at Stoke Bardolph, will enable us to trial combinations of different solutions, including AI, to optimise asset use, and nature-based solutions to prevent spills.



We have been trialling 76 river quality monitors on the River Leam and River Teme gaining valuable knowledge that is informing our approach to installing 1,000 monitors in rivers across our region.



URBAN CATCHMENTS OF THE FUTURE

Managing surface water is an increasingly urgent challenge. It is complex, involves multiple stakeholders and not only impacts storm overflow spills, but also can have devastating effects on homes and properties. Climate change, with urban creep and population growth, is a significant contributor to this challenge and we plan for a 2°C increase and prepare for 4°C. However, our adaptive pathway analysis shows there is a significant investment difference between options produced by a 2°C change when compared to a 4°C scenario. With the latter, there is a clear advantage to building more adaptable blue-green infrastructure to manage the storm impact across our networks, and a strong case, supported by our customers, to deploy and enhance these approaches now.

We want to create our first 'urban catchments of the future' in four towns in our region. We will ensure these towns are future-proofed from the further effects of urban creep, population growth, and 4°C climate change, protect c.840 properties from internal flooding and improve flood resilience for over 1.3 million customers. We will do this using a combination of natural, AI, traditional and community focused solutions including:

- building nature-based resilience with 92 nature hubs, creating new green spaces in communities;
- redirecting rainfall by replacing 30 hectares of hardstanding in the form of roads and roofs with sustainable urban drainage;
- installing 150 monitors and smart controls across 4,000km of sewers; and
- using our innovative Artificial Intelligence of Things (AIOT) flow management to optimise how we use latent capacity in our existing network.

We also want to create a new team of Community Resilience Officers, using our expertise in drainage management to design solutions that communities can implement themselves. This team offers huge potential to make a difference by working with local flood action groups, introducing our expertise, and pooling resources to create accessible and attractive solutions to localised issues. Using community assets, these solutions could be as simple as adding attenuating water butts and flower beds that, when deployed cohesively, could make a real difference to surface water management.

HOW USING NATURE BASED SOLUTIONS COULD TRANSFORM A COMMUNITY IN NETHERIDGE (GLOUCESTER):



SMARTER ASSET MANAGEMENT

Sewerage assets globally have not typically benefitted from the same quality of information as gas, electricity, or even water networks. With increases in monitoring over the last two AMPs, and more to come in AMPs 7 and 8, we now have more data on our wastewater assets than ever before. This gives us a potentially transformative opportunity: Can we harness this data and combine it with our engineering expertise to optimise the performance of our assets (and therefore our performance for customers and the environment) in near real-time?

Our initial trials have proved we can dynamically control flows in our waste network using actuated gates and pump controls, allowing us to use more of the existing latent storage in our network and at pumping stations. This reduces overflow spills

and flooding incidents without the need for the construction of additional attenuation tanks. In addition, this approach will help us to stabilise the flows into our treatment works, improving our control of the treatment processes better and recover valuable resources from the wastewater. We are embedding this learning in our Zero Spills Hub and our proposals to create four urban catchments of the future. This is just the start of our journey; we see wider potential, by harnessing AI to better visualise what is happening and why on our networks, predict what is likely to happen, and then act in response.

USING AI TO SUPPORT OUR TRANSFORMATION

Our investment in AI to harness latent capacity in our sewerage network is just one example of how we are increasingly using AI and machine learning across our business to transform how we operate. We are driving better services for our customers by using big data and analytics to tailor financial support, using smart meter data to target active leakage intervention and trialling AI with online flow cytometry to identify potential water quality risks before they impact customers. To optimise asset management and operation, we are developing digital twins of our treatment works, trialling the use of AI tools to grade the condition of sewers, and applying AI to capital delivery programming. And for the environment, we have created predictive risk models to target pre-emptive action for pumping stations, blockages and storm overflows.

By 2030, these types of applications of AI and machine learning will become much more common place in how we operate our business day-to-day. Subject to proving the feasibility and desirability of solutions that are changing at a fast pace, we are planning for these applications of AI to include:

- analysing custom data to provide personalised recommendations, services and solutions tailored to individual needs;
- deploying real-time neural network based capabilities in priority wastewater catchments and water resource zones to optimise asset capacity and energy use; and
- creating near real-time visibility of performance across our network to help to predict and prevent flooding, overflow spills, leakage and supply interruptions.



Smart metered customers in Coventry are already benefiting from our 'My smart tracker' trials.

MORE FOR NATURE

Our environmental ambition does not end with rivers and nature-based solutions. Earlier this year we announced our plans to extend and bring forward our commitment to improve biodiversity on 5,000 hectares of land by 2027 to 10,000 hectares by 2025. This means that by the close of this AMP, we will have delivered a 2% share of the nation's 2042 National Nature Recovery Target. And in the next AMP we will do more – our plan includes biodiversity improvements at nine water sites and 17 wastewater sites.

We will also build on the 50% reduction in pollution incidents we have delivered over the last 10 years, with a further 30% reduction in all pollutions over the next five – an ambition we believe will push the frontier of performance for our industry in 2030. And we recognise that zero is the only acceptable target for serious pollution incidents, which we are striving to deliver before the AMP starts.

14

Average number of spills from overflows

30%

Reduction in pollutions

45%

Reduction in wastewater greenhouse gas emissions towards our 2030 Net Zero ambitions



Our Boost for Biodiversity scheme has supported Tame Valley Wetlands, the RSPB and West Midlands Bird Club to increase local willow tit populations.



Our Strongford works will become the world's first carbon neutral wastewater site in 2024. Working in partnership with others in the UK and internationally, we will trial innovative new technologies and alternative processes that can be deployed at scale.

A NEW NET ZERO PATHWAY

Severn Trent Plc is committed to reaching Net Zero operational emissions (our Scope 1 and 2 and some outsourced Scope 3 emissions) by 2030 in order to limit our impact on the climate. With over half of our energy use self-generated from renewable sources within Severn Trent Plc, and as one of the first 600 companies globally to introduce Science Based Targets approved by the Science Based Targets Initiative (SBTi), we are widely regarded as a leader in our sector. With progress to date largely funded through our base costs and as part of our non-regulated activities, it is a position we have secured without significant enhancement expenditure.

To support our ambition, next year (2024) we will retrofit the world's first carbon neutral wastewater site. This is a truly global collaboration with Aarhus Vand in Denmark and Melbourne Water in Australia, with £28 million of investment from Severn Trent, the Hub is also being supported by £10 million from the Ofwat Innovation Fund and is the first innovation competition bid in Ofwat history to have the entire UK and Ireland water sector backing its submission.

Our learnings from the Hub form an important part of our strategic enhancement investment proposal 'Net Zero Investments'. By 2030, we plan to have retrofitted successfully trialled solutions at over 100 wastewater sites. These interventions, by targeting one of the principal drivers of our Scope 1 and 2 emissions – process emissions – will make a significant contribution to the 45% reduction in our wastewater operational greenhouse gas emissions (from a 2024/25 baseline) we are targeting in the next AMP.

OUR CUSTOMERS BELIEVE THAT AS AN ESSENTIAL SERVICE, WATER SHOULD BE AFFORDABLE FOR EVERYONE

We are very aware that this plan comes at a time when some customers are facing difficult cost of living challenges. All of our customers have seen rises in their everyday living costs. We share our customers' view that as an essential public service, water should be affordable for all. For us, this means not only providing meaningful support to those facing financial struggles, but also keeping bills as low as they can be for every customer, and every generation of customer, with a fair balance of benefits and risks struck across each.

KEEPING BILL INCREASES AS LOW AS POSSIBLE

To achieve this balance, we have undertaken rigorous scenario testing as part of our LTDS and are very confident of the need to increase investment today to benefit this generation and the next. So, over the next five years, we plan to spend £12.9 billion – including enhancements – on our services.

Greater investment will place upward pressure on bills. To minimise the impact on our customers, we have challenged ourselves to keep increases as low as possible by driving efficiency and innovation. Our day-to-day costs will continue to be within the parameters Ofwat sets for efficient, well-run

companies. Our base costs will be c.£310 million lower than Ofwat's benchmarks, and we are driving c.£80 million of additional productivity through service improvements. Our enhancement investment proposals have undergone detailed cost maturity assessments and expert independent review, looking through four critical lenses: climate change impacts, cost/benefit assessments, cost benchmarking and evidence of customer support.

Overall, by 2029/30, our water bill will increase slightly to 1.3% of the median household disposable income from 1.2% today (based on independent forecasts of income growth). This is in contrast to energy bills which currently represent 6% of the median household disposable income.

100,000

x2

People receiving employability support over a decade

Customers receiving discounts on their bills if they need it

For those customers already, or at risk of struggling, we are proposing a substantial package of support, one that approaches the challenges of water poverty from our customers' perspective – and that means finding ways to help with their incomes as well as their bills.

By 2029/30 we will be helping 693,000 households (1.7 million people) with support measures including bill discounts, debt payment matching and payment

breaks. This includes opportunity for 310,000 more households (775,000 people) to access our Big Difference Scheme, paying a water bill of on average around £259 per year compared with £379 now (a 32% real terms reduction over seven years). With our WaterSure scheme, this is twice the number of customers we are able to support in this AMP, and exceeds the number of people we forecast will be at risk of falling into water poverty in 2030.

DEEP DIVE: EVERY CUSTOMER IS UNIQUE

The above may sound like an obvious statement, but as we develop business plans, we risk viewing customers as an 'average' rather than individuals each living in unique circumstances. In this plan, we have worked harder than ever before to do more to reflect this diversity.

1. Service

We know that a relatively small proportion of our customers may experience repeat service issues, and some may not feel able or willing to raise this with us. We never want this to happen, but recognise we can at least recompense these customers, before addressing the root cause. This year we introduced – and plan to continue – new tariffs for customers who have had their services repeatedly impacted by supply interruptions or sewer flooding. Affected customers will not pay for that part of their bill.

As part of this plan we are also introducing a team of Community Resilience Officers to work within communities impacted by surface water and flooding, where there is no single simple solution or it involves complex stakeholder interactions. Our team will work both with affected customers to help them recover, and community action based initiatives to share our expertise and encourage action to build resilience.

2. Circumstances

Our affordability support is designed to directly reflect the needs of individuals. We have used extensive customer research, and tested options against a range of different personas to ensure that we offer support that meets a wide range of needs by including bill discounts, innovative charges, water efficiency advice and support, payment matching, income maximisation advice and payment breaks and plans.

We have applied a similar lens to our strategic enhancement investments. For example, to ensure we can meet peak water demand, and in tackling lead pipes, we have overlaid information about vulnerability in different ways (including those most susceptible to health impacts) so we can better understand if we are prioritising schemes and their delivery in the optimal way.

3. Environment

A core tenet of our proposals to create four urban catchments of the future is that we will be using green/blue solutions that enhance local environments as well as manage surface water. Across the four catchments, around 35% of the areas covered rank in the top 20% of deprived areas nationally (based on the Index of Multiple Deprivation). With deprived areas often having less access to green spaces than their more affluent counterparts, we hope that through our investment, we can make a difference to the well-being of people living in these areas as well as managing flood risk.

Our nature-based solutions approach to protect communities from flooding also enhances urban biodiversity and enriches the local natural environment. Working alongside local partners, our plan uses green/blue solutions to separate around 52 hectares of land to reduce surface water, covering c.4 hectares in nature-based solutions.



GIVING BACK

We want our customers to be confident that their money is being spent well. As well as delivering ambitious outcomes for customers and the environment, and helping to future proof our service, our investment programme is expected to create 7,000 jobs in our region.

With our affordability schemes, we will support our customers who are most in need by looking at the underlying causes of poverty. In the West Midlands, for example, average incomes are below the national average and there is a prevalence of low wage and low skill work. With the number of jobs requiring qualifications forecast to rise over a decade, we want to use our resources and expertise to support 100,000 customers and their families in some of our region's most disadvantaged areas to secure better job opportunities and higher incomes. This is a longer term approach, funded by our shareholders, to tackling water poverty that focuses on creating value.

We will also continue with our successful Community Fund, which we created in AMP7 and is funded from 1% of our profits (around £2 million per year). In 2022/23 the Fund awarded £1.82 million to 99 projects. The Fund's donations are supporting the creation or enhancement of 102 community spaces and 388,815m² of the environment. The Community Fund awarded £0.47 million to projects in the most deprived communities of our region. Recognising Ofwat's support for mechanisms for the voluntary sharing of outperformance, we plan to improve further the funding of the Community Fund in AMP8.

As the leading performer on ODIs in AMP7 we propose to donate 5% of our (net, after tax) ODI outperformance payments to the Community Fund to share our success with customers. In case our ODI performance reduces in any one year we also propose to guarantee a minimum of £2 million of funding each year. And we will make £15 million of shareholder funding available to support 50,000 customers a year towards their payment arrears. It was very clear from our research with customers that debt places a heavy burden on many. So as well as helping customers with their bills today, we also want to support them to ease that burden.

RETURNS MUST BE EARNED

We believe that incentives work and drive us to deliver better outcomes for our customers and the environment. We are very clear that rewards to our people and investors must be earned, and be transparent to our customers. In the last AMP we have worked hard to outperform for our customers, to apply robust governance to ensure that there is a clear line of sight between performance and reward, and to show this clearly in our customers' bills. But we know this remains an area of concern for customers, and perceptions of excessive profits and bonuses within our industry have impacted credibility. So we need to go further.

We are committing to even more of the rewards our people earn being based on the outcomes we deliver for people and the environment – now making up 60% of our remuneration framework, with 40% reflecting our financial performance. And to give our customers further reassurance that they will pay no more than their fair share, executive bonuses will be paid for by non-regulated companies within Severn Trent Plc.



Our Community Fund will continue to support projects across our region, chosen by our customers – such as the Far Forest Primary School Beavers, Cubs and Scouts project that supports children in leading a healthier life and gaining new skills.

DEEP DIVE: ENSURING OUR DIVIDENDS ARE FAIR AND SUSTAINABLE OVER THE LONG TERM

Severn Trent Water is owned by Severn Trent Plc and is one of just three UK water and wastewater companies listed on the London Stock Exchange, a position we have held continuously since the privatisation of the sector in 1989. Listed status comes with responsibilities – good corporate governance, transparency and sound financial management, that we believe are key foundations for sustainable performance over the long term.

Anyone can own Severn Trent shares and our investors range from large institutions to small shareholders, including many of our customers and employees. They expect to earn a reasonable return on the capital invested with us, but also expect us to apply appropriate judgement when deciding on the dividends we pay, taking into account the returns earned by, and investment needs, of our appointed business, as well as the contribution from our successful non-regulated businesses.

Severn Trent was the only listed group to accept Ofwat's recent licence changes in full, and for AMP8 we have updated the key principles that guide how we make decisions on dividends to reflect the changes:

1. Dividends will not impair the ability of the company to finance the appointed business

We recognise that funding the RCV growth needed in AMP8 will require a balance between equity and debt to maintain financial resilience. We recently demonstrated our commitment to responsible financing in 2021 when we raised £250 million of new equity to fund around 40% of our Green Recovery programme's nominal investment. Since the start of AMP6 our regulatory gearing has averaged 62.8% and never exceeded 67%. We will continue to manage the balance of dividends and retained earnings so that our gearing stays below 70% and our credit ratings remain robust throughout AMP8. We will pay a base regulatory dividend yield of only 2% in the absence of additional equity coming from investors.

2. Dividends will take account of service delivery for customers and the environment over time

We will assess our performance across all ODIs, performance commitments, and key environmental measures such as our annual EPA rating, when making dividend decisions, in the round and over time.

Through AMP6 and AMP7 we have consistently been a leading performer on ODIs. This means we expect to carry over a significant level of undistributed ODI returns into AMP8, helping to smooth the profile of dividends for our shareholders.

3. Dividends will reward efficiency and the effective management of risks to the appointed business

We believe that the benefits of operational efficiency and effective risk management should result in better outcomes for our customers and the environment, and sustained financial resilience for our appointed business, before being distributed as enhanced returns for our shareholders.

4. Dividends will be transparent

Our customers should be able to see and understand how we make our dividend decisions and how delivery for customers and the environment has been taken into account. This is why we have recently enhanced the Dividend Policy disclosure in our Annual Performance Report to clearly show the main components of our equity returns, the amount distributed as dividends each year, and importantly the amount retained for reinvestment in the appointed business.

CUSTOMER SUPPORT FOR OUR PLAN

The sheer scale and ambition of this plan marks a further step change to those we have produced over the last decade. As a consequence, however, it proposes bill increases, and does so during a challenging economic period for many. This makes the question of the acceptability and affordability of our plan even more important.

Given the magnitude of these issues, we are taking a three-point approach to ensure we have created a plan that our customers support and is accessible to them:

1. Our plan is built from the bottom-up. It uses a decade's worth of historic insight, on-going data gathered from customers as we deliver our service, engagement with our stakeholders and communities, and a bespoke, in-depth programme of research.

68,000

Customers engaged in bespoke research

75

Sources of customer insight

45

Online customer community research activities

630

Stakeholders engaged

1.2m

Social media mentions analysed

2. Our plan has been tested for customer affordability and acceptability using the new industry standard designed by Ofwat and CCW.

In the first qualitative stage, participants had the opportunity to understand our plan in detail, with a proposed bill impact equivalent to £159 by 2030 plus uplifts for inflation. There were strong levels of support for our proposals and participants considered their water bills to be more affordable than many other household bills.

In the second quantitative stage, with some refinement of our investment, financing and efficiency proposals, we were able to use a lower bill impact equivalent to £149 plus uplifts for inflation. The acceptability results - at 76% overall - are very encouraging, and akin that to achieved in our plans at previous price reviews.

72%

Household acceptability

89%

Non-household customer acceptability

76%

Overall acceptability

Our research also tested our customers, views of the ease of affordability of our projected bill levels in 2030. With 53% of households saying that they would find the plan difficult to afford in 2030, we are responding by:

- **Keeping bill impacts as low as possible.** While we are confident our investment choices provide the right balance between serving this generation and the next, we have challenged ourselves to keep bills lower. This plan includes bill impacts equivalent to £139 plus uplifts for inflation.
- **Ensuring we have the right affordability support in place.** Our research was undertaken without detailed explanation of the affordability support available for customers. As explained in detail earlier, we are putting in place a comprehensive package of support that more than doubles the number of customers we can help through bill discounts.

3. Our plan is supported by a communications campaign.

Our qualitative acceptability testing highlights the importance of explaining to customers the value they receive from this plan. Our campaign is based on research undertaken in our customers' homes and local communities as they use water and experience the natural environment in their daily lives. It is designed to ensure it is personally relevant for them. We are launching these communications shortly after this plan, and our second open 'Your water, your say' session (the first was held as we developed the plan) will give interested customers the opportunity to give us and Ofwat their views in person.

BUILDING ON STRONG FOUNDATIONS

The scale and pace of the investment we are proposing, together with the level of support on affordability, is made possible and credible by our track record and the organisational changes we are already making in readiness for a transformational AMP.

Strong performance for customers, the environment and on resilient financing

Over the first two years of this AMP, while our performance commitments have been stretching, we have, in the round, been one of the strongest performing companies in our industry:

- We are the only company that has been recognised by Ofwat as sector leading in both its 2020/21 and 2021/22 Water Company Performance Reports. This 'in the round' review considers performance on key customer outcomes as well as how we are investing our totex allowance.

- We were ranked in the top three in Ofwat's Monitoring Financial Resilience Report in 2020/21 and in the top category in its 2021/22 assessment.
- We are the only company to achieve four consecutive years of 4* status on the Environment Agency's EPA.

Water and sewerage company performance in Ofwat's most recent (2021/22) company performance and financial resilience reports (and Environment Agency EPA status – for companies in England)

	Lagging	Average	Leading
Standard	Dwr Cymru (N/A) South West Water (2*)	Anglian Water (2*) United Utilities (3*) Wessex Water (2*) Hafren Dyfrdwy (N/A)	Severn Trent (4*)
Elevated concern	Northumbrian Water (3*)		
Action required	Southern Water (2*) Thames Water (2*) Yorkshire Water (3*)		

And in this AMP, we have ambitious proposals to ensure our C-MeX, complaints, and UKCSI performance – which have tended towards average or middle of the pack performance - reach similarly strong levels.

UNIQUELY EQUIPPED TO DELIVER LARGE INVESTMENT PROGRAMMES

To deliver on our statutory obligations and our customers' expectations, our plan is necessarily ambitious and challenging. It requires a £6.6 billion package of core capital investment over a five-year period. This is a sizeable investment programme, certainly our largest in recent history, and we know that with our sector's reputation at risk, we must be able to deliver on our commitments. We believe the changes we have already made to our capital delivery and commercial structures, and others we have in train, mean we are uniquely placed to do so.

Five reasons we are uniquely placed to deliver:

1. A strong track record of delivery

Delivery of our AMP7 programme and stepping up our run-rate to accommodate additional Green Recovery spend, will mean we are delivering £1.4 billion a year at our peak – more than our expected average annual AMP8 run-rate. This shows that our management processes and supply chain can deliver at this scale.

2. A highly skilled internal design team

In AMP6, we chose to bring design inhouse to aid cost control and standardisation. We now have a team of over 230 professionals, so that we can better manage the quality and flow of work to our supply chain and abstract more synergies across our programme. We also have access to 16 consulting firms who continue to provide additional capacity and peak demand support when needed. Our internal resource removes a key potential bottleneck in capital delivery.

3. A diverse and experienced supply chain of c.60 partners

Building on our AMP6 approach where we took the decision to diversify and deepen our supply chain, at a time when others were consolidating, we have grown from six delivery partners to 60 today. We have also added a further 12 contractors on an environmental framework to support delivery of our novel and nature-based solutions. This not only gives us extra resilience, but also creates £1 billion of capacity which is new to the sector. It means we can deliver more, without impacting other water companies.

4. Detailed modelling to accelerate investment, with confirmed supply chain capacity

Through detailed delivery modelling, we have identified opportunities to accelerate investment into AMP7, and release enough of our AMP8 programme now to meet our target of £1 billion before the end of the first year. With over £400 million of transition spend planned for the last two years of AMP7, we will ensure we hit the right run rate and deliver benefits to customers sooner.

We have also asked our supply chain about their current and future capacity. Their responses (which were independently tested) show that supply chain capacity is c.120% of our AMP requirement and 103% of our expected peak. If we allow for the growth our suppliers have indicated, these figures would be 144% and 124% respectively. This gives us further confidence that there is sufficient capacity available to deliver on our plans, and if modest capacity shrinkage were to occur, our programme would be unaffected.

5. Innovative procurement approaches

We have a strong track record of innovation and have been exploring new ways to drive efficiency and reduce our demand on the supply chain. Working closely with the Manufacturing Technology Centre and automotive supply chain, we are developing a manufacturing capability to build assets to a part, or fully, commissioned stage in controllable factory conditions. Signalling a shift away from traditional bespoke solutions used by the sector, we will have access to 'off the shelf' components that can be delivered at scale, as well as exploiting economies of scale.

We have embraced price control deliverables (PCDs) as a way of ensuring customers pay for outputs as they are delivered, while ensuring we have powerful incentives for delivery. The portfolio of PCDs we are proposing reflect our overall investment run-rate (and our confidence that it can be delivered), while bringing forward customer priorities to earlier in the AMP, including, for example, increasing resilience during peak demand which we believe will deliver immediate value to customers in the event of a warm summer.

As well as our core capital programme, we will also be using the opportunity of direct procurement for customers (DPC) to deliver four schemes, selected through rigorous application of Ofwat's criteria:

Scheme	Description
West Midlands Raw Water Storage	Conversion of a third-party owned quarry into a pumped raw water storage reservoir.
Carsington to Tittesworth	Transfer of raw water from the River Derwent and Carsington Reservoir to Tittesworth.
Minworth Water Recycling Strategic Resource Option	Providing the sole source of raw water for Grand Union Canal to transfer to Affinity Water's area.
Grand Union Canal Strategic Transfer	Raw water abstraction from the Grand Union Canal supported by the Minworth Strategic Resource Option and new treatment works and connection to Affinity Water's existing distribution system.

As a consequence of what we believe is a unique model for capital delivery in our sector, we have diversified risk and built resilience for our customers.

In addition, our approach should benefit customers of the UK water industry too by reducing our dependence on traditional supply routes. A report by Water UK identified 60 suppliers with an AMP8 capacity of c.£43.4 billion available to the water industry. We are using 11 for our AMP8 capacity requirements and plan to use less than 7% of the total capacity identified by the report. This leaves plenty of capacity across the industry, and means we will use £3.5 billion less than the Water UK report anticipated.

We have also decided not to seek to patent our new factory design expertise. Instead, we will share our learning with the sector, allowing others to gain from our investment and enhance their own delivery routes.



A new pipeline to transfer water from Carsington Water in Derbyshire to boost the resilience of water supplies has been put forward as one of our first DPC schemes.

STRENGTHENED FRONT LINES OF DELIVERY

Whether in capital delivery or customer operations, our plan is supported by bold plans to insource roles that are at the frontline of delivering for our customers. Over 12 months we will be insourcing around 1,000 roles including additional engineers, project managers, wastewater technicians and mains renewal pipe laying gangs. There are three key benefits of doing so:

- Organisational resilience – we are reducing our reliance on in-demand markets, giving us greater flexibility, oversight and control.
- Culture and competence supporting customer focus – we believe our employees are well motivated to deliver. Our employee engagement score in is the top 5% of energy and utility companies globally, and reward and recognition unites every employee to deliver for our customers and the environment. Our people have access to a dedicated Academy, where during the past year over 22,700 learners have passed through its doors and we have hosted 765 learning events generating over 56,000 learning hours. We have a strong focus on health, safety and well-being too. Since we refreshed our strategy in 2018/19, we have seen consecutive year-on-year improvements in ‘Lost Time Incidents’, giving us confidence that our strategy will continue to drive improvements in our future performance.
- Supporting economic prosperity of our region, communities and customers – we will continue to reinforce our position as a significant Midlands employer. We will create new employment opportunities which, with our Academy and Societal Strategy focusing on employability, will be accessible to a more diverse range of people than may have traditionally considered a role in our sector.

SKILLS FOR THE FUTURE

Transformation is not just about having the right technology and investment, but also having the right skills and organisational capability. We have a well-established approach to defining the future workforce we will need and making sure that we are taking the right steps today to invest in the skills we will need tomorrow. For example, investing in training to make sure our operational teams can make the most effective use of AI and emerging technologies, and creating the cyber security professionals of tomorrow through investment in apprenticeships today. By taking a long-term, strategic approach to future skills, combined with our investment in the Severn Trent Academy, we are also able to retrain, redeploy and reskill to make sure that our existing workforce can benefit from opportunities in the future, while retaining essential knowledge and understanding of our networks, operations and customers.

RESPONSIVE TO THE NEED FOR CHANGE

While we plan for five-year periods, our industry, the circumstances of our customers and the environment we operate in can be subject to significant changes during this time. In the current AMP, we have been responsive to the need to act. For example, during the current cost of living challenges, we made available a further £30 million of support to help an extra 100,000 customers beyond our current plan.

More recently (July 2023) Ofwat judged us to be “exemplary” in how we have responded to the 143 requirements in its Paying Fair Guidelines. These requirements include communicating effectively and sensitively with customers in vulnerable circumstances, offering more frequent billing frequencies to encourage customers to pay and making efforts to re-engage with customers after an initial occurrence of a failed repayment arrangement.

And as it became increasingly clear that we as a sector were not meeting customers’ expectations on rivers, we were one of the first to act, by first engaging our customers and stakeholders, and then by making our 2022 Get River Positive Pledges. Affordability and rivers are two key issues for this plan, and by not waiting to act on them, we already have existing momentum to build on.

RESPONSIVE WHERE WE NEED TO IMPROVE

There have been times when our service has not been as good as we know it can be. We have shown through focus, resources and strong motivation, we can turn this around. For example, over the last three AMP cycles, we have operated, and invested in, our catchments and assets responsibly to manage drinking water quality compliance. We were therefore pleased when these plans came to fruition in 2020 and we were moved out of the DWI’s transformation programme. The Chief Inspector noted in his annual report in 2020: “This is a commendable approach and serves as an example to the industry of the necessary qualities in water company leadership.”

In 2018, during a significant freeze/thaw event, we faced a number of challenges, with customer supplies disrupted. We recognised the need for improvement and change, and were therefore pleased that when a similar event occurred at the close of 2022, our performance for customers improved by 93%. We are using the learnings from these transformations as we focus on areas we know we can improve on in this plan. One example would be the expansion of our tanker fleet, which is a core part of our proposals to further boost alternative supplies to customers in the event of an issue.

We are committed to playing our part in the success of the non-household retail market. Factors such as responsiveness to service requests, and the quality of wholesaler data, are crucial to market success. Recognising the need to improve in this area, we have recently embarked on an improvement programme where, based on the Holistic Reporting measures produced by MOSL (Market Operator Services Limited), we have risen from last place to third out of 15 wholesalers (based on July 2023 reporting).

Most recently, while we have secured EPA 4* status for the last four years, the Environment Agency has raised two areas where they would like to see further improvement from us. These are:

- the operability of our estate of event duration monitors (the largest in the industry with full coverage by the close of 2022); and
- the timeliness of our reporting of potential pollutions to Environment Agency officers.

In both cases, we fully recognised the need for improvement. We have dedicated improvement programmes with executive oversight, which in the year to date are yielding promising results, and we are pushing hard for upper quartile or sector leading performance.



Our Academy provides opportunities for people to learn, develop and retrain with us in our industry. Over the past year, over 22,000 learners have passed through its doors, including attending STEM sessions to encourage more women to move into engineering careers.

CREATING INNOVATIVE, BESPOKE COMMITMENTS THAT DRIVE TANGIBLE CHANGE

We are strong supporters of the ODI framework and fully recognise the potential for well-designed incentives to drive innovation and significant improvements in areas most important to customers. For example, following the introduction of our bespoke biodiversity performance commitment for this AMP, in 2020, we announced our Great Big Nature Boost, one of the biggest nature projects in the UK. It aimed to boost nature across 5,000 hectares of land in our region by 2027 and to plant 1.3 million trees. We are proud to have exceeded our biodiversity target four years early, and we want three bespoke commitments we are putting forward in this plan to be just as impactful for our customers and the environment:

- Frontier catchments - targeting nitrate reduction in catchments upstream of water treatment works.
- Reducing traffic disruption from our work - vital in the context of our mains renewal plans, and the West Midlands' high level of car dependency.
- Capital carbon - supporting progress towards the Government's 2050 Net Zero ambitions.

CAPABILITY TO INNOVATE

During AMP7 we evolved our innovation model, combining our physical and biological knowledge expertise with our digital and data innovation expertise, to realise the growing potential of digitalisation to optimise our operations. We have also increased investment from c.£38 million in AMP6 to £61 million in AMP7 (not including the £566 million of Green Recovery funding that has provided countless innovation and learning opportunities).

Our investment includes the creation and development of a series of firsts:

- our Resource Recovery and Innovation Centre at Sernal wastewater treatment works;
- the world's first carbon neutral wastewater treatment works at Strongford works (on target for 2024); and
- our first scale urban demonstrator for catchment wide solutions in Mansfield.

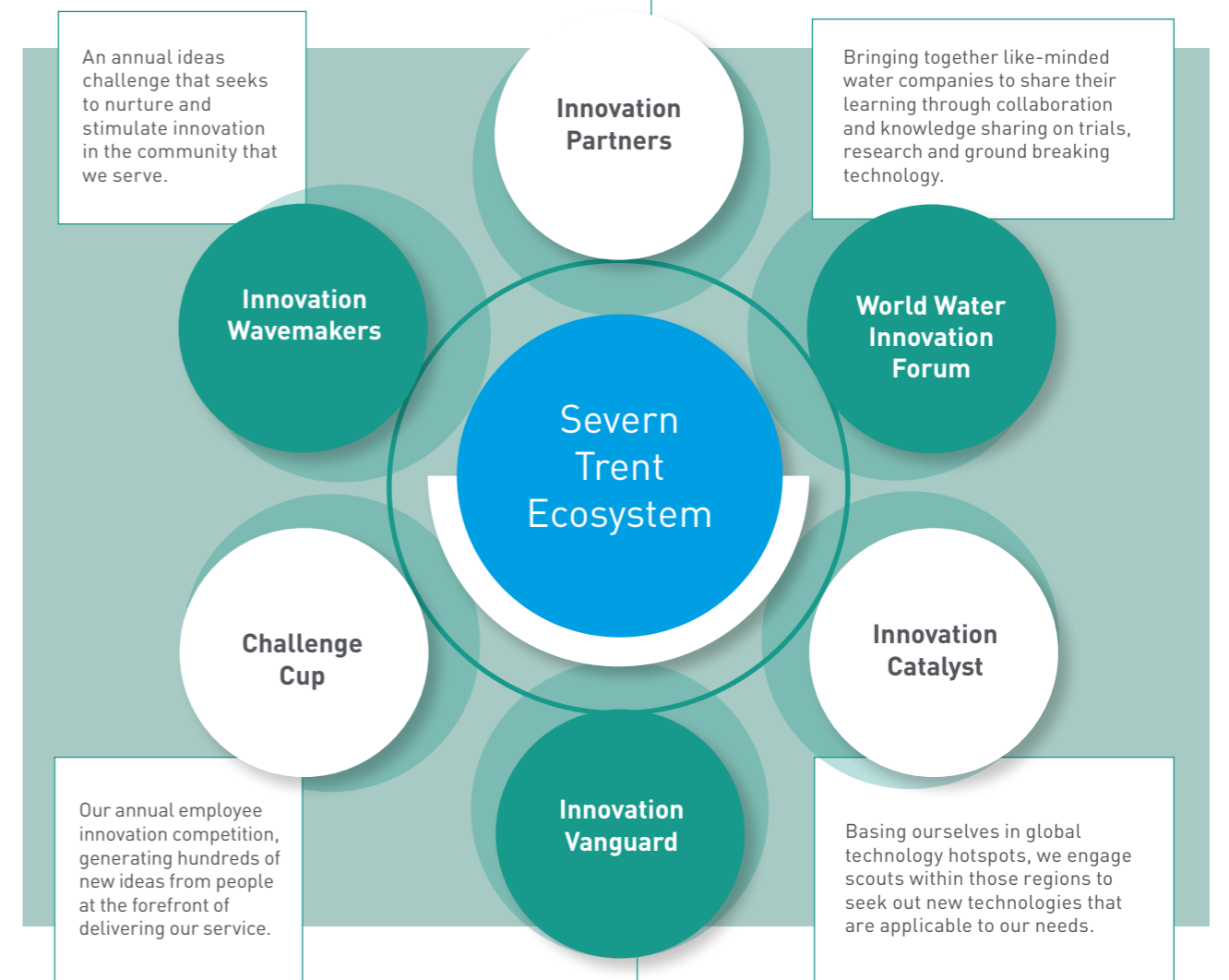


Our capital carbon commitment will help to drive down the carbon associated with large capital schemes.

DEEP DIVE: CREATING AN INNOVATION ECOSYSTEM TO DELIVER MORE FOR CUSTOMERS

We have established an innovation ecosystem that brings creative people and organisations together from multiple sectors across the globe.

Through UKWIR, Innovate UK, Ofwat's Innovation Fund, the Net Zero partnership and other organisations, we are actively working with international partners on common challenges and shared learning.



The £42 million of externally funded or part-funded projects we have attracted from Ofwat's Innovation Fund, UKRI, BEIS, Innovate UK and Horizon, means we are able to deliver more value for our customers and insulate them from the inherent cost risks in innovation.

Working with leading companies, industrial specialists (from inside and outside the water industry) and pioneering academics to stretch our thinking, push the boundaries of the possible, as well as providing evidence to support our business plan.

COMMITMENT TO RESPONSIBLE, SUSTAINABLE BUSINESS

With good performance on a range of independent sustainability indices, Severn Trent is increasingly being recognised as a global leader by ESG investors. This year:



We were ranked 58th in Corporate Knights 2023 Global 100 most sustainable companies.



Sustainalytics has given us a low risk rating score of 14.9, placing us in the **top 4% of utilities**.



We have maintained our AA rating from MSCI since February 2022 (Scale AAA to CCC).



We are ranked 14th in Tortoise Responsibility100 Index, ranking FTSE100 companies' social, environmental and business ethics.

Our strong positioning in Ofwat's Monitoring Financial Resilience Report shows our long-standing commitment to responsible, sustainable financing. We have worked hard to achieve a balance between an efficient cost of capital and retaining a strong investment grade credit rating.



We ranked 5th, out of 149 entries, on the Social Mobility Employer Index, the highest of any utility.



We received a B+ 'Prime Status' for our assessment that took place on August 2022, awarded to companies with ESG performance above sector-specific thresholds.



We received a CDP A- rating and were recognised as a Supplier Engagement Leader.



We were awarded the Fair Tax Mark for managing our tax conduct responsibly and transparently.

We have demonstrated we can bring new equity into the sector with the £250 million we raised to support financing our £566 million Green Recovery investment. This means that as we enter AMP8 we have a strong balance sheet to support delivery of our ambitious improvements, and supportive shareholders.

A STATEMENT FROM OUR BOARD





A STATEMENT FROM OUR BOARD

The Board’s ambition for the next five years is to drive transformative change; to play a leading role in restoring the sector’s credibility with customers today through ambitious improvements and investment where it matters most. This business plan is our blueprint for that ambition, setting the agenda for everything that Severn Trent Water Limited (‘the Company’) will do over the next five years. Its development is underpinned by robust governance and assurance, to ensure we give our customers, regulators and other stakeholders confidence that we will deliver in line with their expectations for AMP8 and beyond.

The Board has led the strategic development of this plan (for the 2024 price review - ‘PR24’) and challenged the Executive Team to submit a strong proposition for customers and the environment – one that is affordable, financeable and deliverable. The Board considers that our plan achieves these aims and will enable the Company to meet its statutory and licence obligations, now and in the future.

As agreed by the Board on 26 September 2023:

In assessing the plan, the Board has sought to satisfy itself that there are appropriate and effective systems; robust approaches to risk management; and internal controls and processes in place, taking care to:

- drive ambition in the plan and ensure better outcomes for customers over the long term;
- provide Ofwat and other stakeholders with confidence that our underlying data, assumptions and our forward-looking proposals will deliver for customers, communities and the environment and enhance the overall credibility of the sector; and
- ensure the PR24 plan will deliver operational, financial and corporate resilience over the next control period and long term.

The Board is confident that the overall strategy for data assurance and governance delivers high-quality data across all aspects of the plan and long-term delivery strategy. The Board’s oversight of the plan has taken into consideration:

- the supporting evidence for the proof points required to make the Board assurance statement, presented in Section 5 of Annex 1 of this plan;
- the outcome of reports and presentations from assurance providers and expert assessments;
- outputs and minutes from meetings and customer research workshops;
- personal engagement in the process through Board meetings, dedicated PR24 strategy sessions, attendance at customer engagement sessions, meetings with internal experts;
- regular performance reporting from the Executive Team ensuring the Board has a complete and transparent view of historic performance and the expected performance the plan will deliver;
- approval of other regulatory submissions - our Annual Performance Report, the WRMP, DWMP and WINEP;
- feedback from the ECP who attended Board sessions; and
- the Internal Audit function review memo confirming that all assurance findings were actioned with appropriate mitigation in place.

In line with the key principles underpinning our established assurance framework, our Board has also received a statement from each member of our Executive Committee to confirm our management’s engagement with, and commitment to delivering our plan.



Our Expert Challenge Panel (ECP) has provided constructive challenge and advice to enhance our plan over nine main meetings. The Panel’s Chair, Professor Bernard Crump has met our Board throughout development of our plan to report on its work.

BOARD ASSURANCE STATEMENT

Having reviewed the Severn Trent PR24 submission, and all relevant supporting assurance papers, and having taken the above into account, the Severn Trent Water Limited Board makes the following statement to confirm that it has challenged and satisfied itself that the PR24 submission:

LONG TERM DELIVERY STRATEGY

- reflects a long-term vision and ambition that is shared by the Board and company management;
- is high quality, and represents the best possible strategy to deliver efficiently its stated long-term objectives, given future uncertainties;
- will enable the company to meet its statutory and licence obligations, now and in the future;
- is based on adaptive planning principles;
- has been informed by customer engagement;
- has taken steps to secure long-term affordability and fairness between current and future customers;
- the first five years of this long-term delivery strategy is implemented in the Severn Trent 2025-30 business plan.

AFFORDABILITY

- considers the full implication of the 2025-30 business plan for customers and the plan achieves value for money; and
- the long-term delivery strategy protects customers' ability to pay their water bill over the long term and delivers fairness between what existing customers will pay and what is paid for by future customers.

COSTS AND OUTCOMES

- will deliver performance commitment levels which are stretching but achievable and reflect performance improvements expected from both base and enhancement expenditure;
- is built on expenditure forecasts included in the plan which are robust and efficient;
- the needs of the enhancement investments are not influenced by non-compliance or non-delivery of programme of work (both base and enhancement) that customers have already funded;
- proposes the best option for customers, with a proper appraisal of options;
- presents plans and expenditure proposals which are deliverable and the Company has put in place measures to ensure that they can be delivered, in doing so the Company has ensured that supply chain risk is manageable and delivery plans account for:
 - the ability of the Company and its supply chain to expand capacity and capability at the rate required to deliver the required investment;
 - the impact of similar levels of growth across the sector and any overall sector and supply chain capacity constraints; and
 - key supply chain risks and capacity constraints such as the availability of specialist resource or components;

- includes price control deliverables covering the benefits of material enhancement expenditure (not covered by performance commitments);
- contains expenditure proposals which are affordable by customers and do not raise bills higher than necessary; and
- reflects customer views on expenditure proposals, and where appropriate, proposals are supported by customers.

RISK AND RETURN

- is financeable on the basis of the notional capital structure using Ofwat's definition of the financial ratios;
- enables the actual company to remain financially resilient over the 2025-2030 period and beyond.

CUSTOMER ENGAGEMENT

- meets the standards for high-quality research on customer engagement; and
- has been informed by customer engagement and research.

Our Green Recovery programme has given us valuable experience of working with our supply chain to deploy innovative solutions – including the use of floating wetlands at our new Witches Oak treatment works. We have 12 suppliers on a specialist environmental framework, ready to deliver our AMP8 programme.

BOARD ASSURANCE STATEMENT (CONTINUED)

The Severn Trent Water Board Assurance Statement that supports the Severn Trent Water business plan and supporting documentation was approved at a meeting of the Board of Directors of Severn Trent Water Limited on 26 September 2023 and is signed by all members of the Board.



Christine Hodgson CBE
Chair



Liv Garfield CBE
Chief Executive



Helen Miles
Chief Financial Officer



Kevin Beeston
Senior Independent Non-Executive Director



John Coghlan
Independent Non-Executive Director and Chair of the Audit and Risk Committee



Tom Delay CBE
Independent Non-Executive Director and Chair of the Corporate Sustainability Committee



Sarah Legg
Independent Non-Executive Director



Sharmila Nebhrajani OBE
Independent Non-Executive Director and Chair of the Remuneration Committee



Gillian Sheldon
Independent Non-Executive Director and Chair of the Treasury Committee



Our focus on building and developing skills capability for AMP8 and beyond will see us take on 130 apprentices, 65 graduate placements and 60 summer internships this year, our largest ever intake.

KEY OUTCOMES AND INVESTMENTS



KEY OUTCOMES AND INVESTMENTS

COMMON PERFORMANCE COMMITMENTS

Common performance commitments provide a consistent means to assess: how well we are delivering for our customers and the environment; and our performance against the rest of our industry. We are proposing a stretching package of commitments that:

- set new industry performance frontiers for pollution incidents and external sewer flooding;
- target better than forecast upper quartile industry performance in 2029/30 for key wastewater measures; and
- target better than forecast upper quartile performance for the water and sewerage companies in 2029/30 for key water measures.

Commitment	Unit	Forecast position (2024/5)	Target position (2029/30)	Change
Water supply interruptions	Hours:minutes:seconds (HH:MM:SS) per property per year	00:08:00	00:05:00	-37%
Compliance risk index (CRI)	Numerical score	3.13	2.00	-36%
Customer contacts about water quality	Customer contacts per 1,000 population	1.21	0.96	-20%
Internal sewer flooding	Number per 10,000 sewer connections	1.34	1.14	-15%
External sewer flooding	Number per 10,000 sewer connections	11.69	9.12	-22%
Biodiversity	Biodiversity units per 100km ² for which the company provides monopoly services	0.00	3.59	
Operational greenhouse gas emissions (water)	Tonnes CO ₂ e	199,468	210,222	5%
Operational greenhouse gas emissions (wastewater)	Tonnes CO ₂ e	563,233	307,832	-45%

Commitment	Unit	Forecast position (2024/5)	Target position (2029/30)	Change
Leakage	% reduction in ML/d for a three year average from 2019/20	14	32	
Per capita consumption	% reduction in litres/person/day for a three year average from 2019/20	3.6	8.6	
Business demand	% reduction in ML/d for a three year average from 2019-20	-2	-4	
Total pollution incidents	Number per 10,000 kilometres of wastewater network	19.35	13.58	-30%
Serious pollution incidents	Number	0	0	
Discharge permit compliance	%	99.45	99.46	
Bathing water quality	%	N/a	N/a	
River water quality (phosphorus)	Reduction in kilograms of phosphorus per head of population from annual average of 2020 to 2022	0.12	0.57	
Storm overflows	Average number of spills per overflow	24.94	14.00	-44%
Storm overflows	Equivalent Environment Agency measure	19.94	14.00	-30%
Mains repairs	Number per 1,000 kilometres of mains	116.6	116.6	Stable
Unplanned outage	%	1.49	1.40	Stable
Sewer collapses	Number per 1,000 kilometres of sewer network	8.00	8.00	Stable

BESPOKE PERFORMANCE COMMITMENTS

Bespoke performance commitments are unique to our company, and offer incentives to pursue innovative means to achieve new or existing outcomes that are important to customers. We are proposing three:

- **Frontier catchments:** facing into the challenge of pesticides and nitrates from agriculture impacting water quality by working with 1,000 farmers to adopt more sustainable farming practices.

- **Reducing disruption from our work:** reducing the amount of time our customers spend in roadworks by 10%, including offsetting a potential 20% increase in disruption that could be caused by more than doubling our rate of mains renewals.
- **Reducing capital carbon emissions:** taking action now on capital carbon to stimulate low carbon approaches to construction in our supply chain and drive progress towards the Government's 2050 Net Zero targets.

Commitment	Unit	Current position	Target position (2029/30)	Change
Frontier catchments	Number of farms per year	189	200 (1,000 cumulative)	6%
Reducing disruption from our works	Time per job (days)	4.2	3.8	-10%
Capital carbon	Tonnes of CO2e saved	Capital project specific	Capital project specific	

ENHANCEMENT INVESTMENTS

Our plan includes £5 billion of strategic enhancement investment set out in 13 business cases that are designed to ensure we meet forthcoming statutory obligations, and respond where there is strong customer support for action.

Identified using an adaptive planning approach set out in our Long Term Delivery Strategy, 94% of the investment we are proposing is either required to deliver statutory obligations by 2030, or will work towards statutory obligations after 2030.

Enhancement investment business cases	Totex (£m)
Water WINEP Covers the investigations and implementation activities needed to meet the objectives set out in the Environment Agency's National Framework for Water Resources. Includes delivery of catchment protection schemes under the Drinking Water Protected Areas drivers to reduce nitrates, phosphates and pesticides.	3094 (covering water, wastewater and bioresources WINEP)
Wastewater WINEP Investment towards a wide range of environmental improvement measures agreed with the Environment Agency. Total includes additional investment to accelerate progress on storm overflows, and one scheme moved from AMP7 on agreement with the Environment Agency.	

Enhancement investment business cases	Totex (£m)
Bioresources WINEP Aims to improve resilience of the sludge to land disposal route against disruption in the supply chain (triggered by issues such as pandemics, outbreaks of notifiable agricultural diseases, or changes to cropping patterns).	
Raw water deterioration Action to protect 12 raw water sources which are exhibiting measured changes in raw water quality and volatility over time. If left unmitigated, these changes will impact our ability to treat or supply customers with water from these sources.	317
Enhancing cyber security Playing our part to implement the Government's National Cyber Strategy 2022 and its underpinning regulations. Responding to the increasing threat of cyber attacks, and reflecting the increasing digitalisation of our service, we will implement zero-trust design principles across our systems.	71
SEMD physical security Investment to meet the revised SEMD and the associated Protective Security Guidance (PSG) 2022, which sets out an updated view on the security requirements of our assets that are classified as critical national infrastructure (CNI).	38
SEMD alternative water supplies Responding to changes in SEMD legislation that increase the need to supply our customers from alternative sources during a significant event. By using a blended approach of bottled water and tankering, we will increase our ability to provide alternative supplies to customers by 163%.	31
Meeting our future water needs Without action, we will leave AMP8 with a supply/demand deficit of 184 ML/d. We will use both supply and demand measures to meet the 2030 deficit and start to tackle some of our longer-term 2050 deficit as part of a 'no-regrets' plan to meet the long-term challenge.	706
Net Zero investments The UK is one of the few countries with a legally binding commitment to reach net zero greenhouse gas emissions by 2050, with an interim reduction target of 78% by 2035 (from a 1990 baseline). Our enhancement proposal focuses on process emissions – those resulting from our wastewater treatment processes – which account for around 30% of total emissions.	430
Reservoir Act Extension To ensure we continue to meet our obligations under the Reservoirs Act 1975, as amended by the Flood and Water Management Act 2010, our investment includes provision for further investigation and evaluations, as well as replacement assets.	29
Resilient water networks Observed data patterns show a correlation between increasing temperature and increased water use, and with expert support from the Met Office we predict that, by 2050, our systems will need to be able to transfer enough water to cater for peak demand over 30 days – impacts we are already seeing manifest today. Our investment will provide customers with greater resilience during summer months as well as a wider range of hazards.	128
Urban catchments of the future Investment in four specific catchments particularly affected by climate change, population growth and urban creep, where we plan to take a nature-based approach to system management to protect homes and businesses. A combination of traditional, nature-based and AI approaches will improve resilience for 1.3 million people within these catchments and create 92 nature hubs.	170
Lead reduction The DWI expects companies to have a long-term strategy (submitted in March 2023) for working towards lead removal. We want to continue to drive the replacement of customer-owned lead pipes while also making progress towards the long-term goal of reducing the use of phosphate dosing, by investigating lead in 1,000 schools (replacing communication pipes where needed) and supporting 500 vulnerable customers to replace their lead pipes.	27

Thank you and next steps

We are grateful to the 68,000 customers and 630 stakeholders who took part in our research, attended workshops, responded to our consultations and attended our first ever 'Your water, your say' open challenge session.

The insight you have given us has been invaluable to developing our plan, and we hope that every participant can see the spirit of what they told us (even if it has not always been possible to replicate the exact detail) reflected in our proposals.

Thank you too to our Expert Challenge Panel (ECP), chaired by Professor Bernard Crump and comprising a range of experts who have shown considerable dedication to challenging us at every step through the development of our plan, and pushing us to deliver more for our customers and the environment. You can read more about the membership of the ECP and its work [here](#).

Our plan is now with Ofwat, our economic regulator for further review and scrutiny, and there will be an opportunity in May/June 2024 for everyone to have their say again, as Ofwat consults on its draft findings.

We look forward to the outcome, and getting on with delivering our plan.



Severn Trent Water Limited
Severn Trent Centre
2 St John's Street
Coventry CV1 2LZ
stwater.co.uk

WONDERFUL ON TAP

