

Wessex Water's Annual review summary
2023-24

Delivering for
our customers,
community and
environment



Wessex Water
YTL GROUP

FOR YOU. FOR LIFE.

Welcome to **Delivering for our customers, community and environment**

Our customers and communities expect us to provide a full and transparent account of what we do to provide water and wastewater services, and how we protect the environment.

This document provides a summary of our performance against regulatory commitments, as well as our principal financial statements and highlights from 2023-24.

This is one of the documents we publish as part of our annual review. You can find this together with our annual performance report and annual report and accounts on our website: www.wessexwater.co.uk

You can also compare our performance against other water companies at www.discoverwater.co.uk

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Our purpose is,
*Through water we support
our customers' health and
wellbeing, and enhance
the environment and the
diverse communities
we serve.*

About us

Wessex Water is a regional water and sewerage business serving 2.9 million customers across the south west of England. At a time when the water industry faces a crisis of public confidence, we are judged by our regulators on our performance as one of the leading group of water and sewerage companies in England and Wales.

We are committed to playing a critical role that goes beyond providing an essential public service. We aim to support the communities we serve, help tackle the climate and environment emergency, and contribute to the growth of the UK economy. These aims form the core of our long-term commitment to build a sustainable future with the support of our customers, communities, employees and stakeholders.

Our long-term plan for delivery is set out in our Strategic Direction Statement, published on our website [here](#). The statement, which was developed in partnership with customers, businesses, employees and stakeholders, sets out our vision and ambitions through to 2050. It is structured around eight 'outcomes' – eight fundamental results we plan to achieve through our actions. These are:

- **safe and reliable water supply**
- **an effective sewerage system**
- **affordable bills**
- **excellent customer experience**
- **sustainable abstraction**
- **excellent river and coastal water quality**
- **net zero carbon**
- **increased biodiversity.**

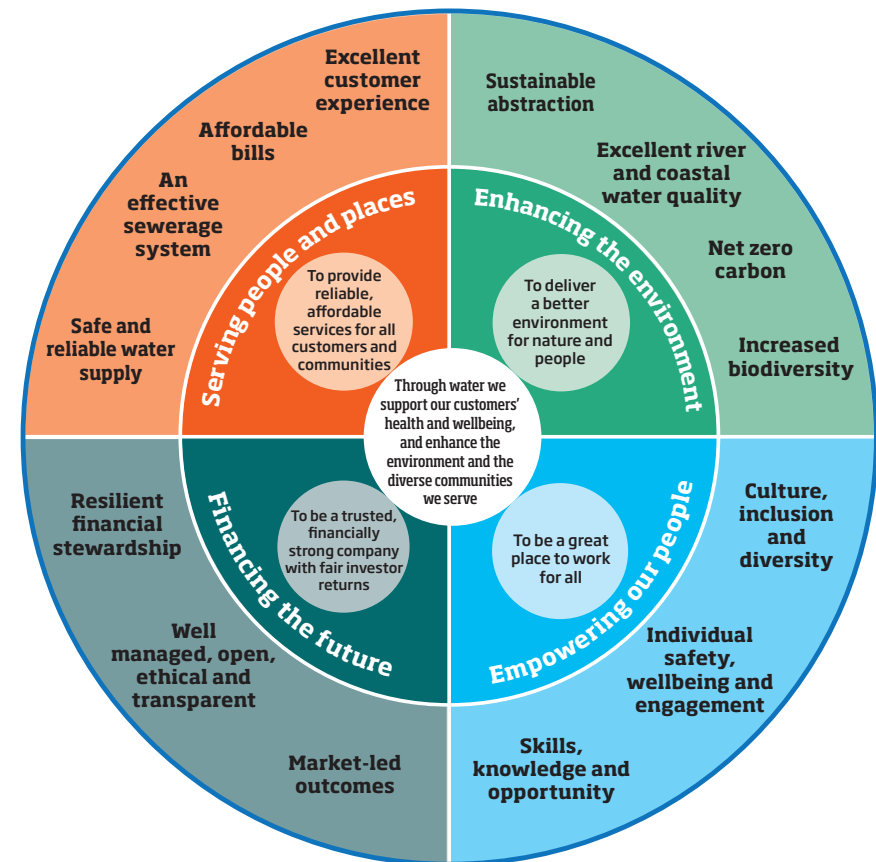
These outcomes are underpinned by six enabling competences:

- **individual safety, wellbeing and engagement:** our colleagues will be safe at work, proud to work for us and fully engaged in their roles
- **skills, knowledge and opportunity:** our colleagues will have the skills and knowledge they need and be empowered to carry out their roles
- **culture, inclusion and diversity:** we will have an inclusive workforce that reflects the cultures and diversity of the region we serve
- **well managed, open, ethical and transparent:** we will prove that we are honest and ethical in the way we conduct our business
- **resilient financial stewardship:** we will demonstrate long-term financial stability
- **market-led outcomes:** we will harness the power of markets to drive the most efficient solutions.

The graphic below is our 'strategy wheel' which brings everything together. It shows how the eight outcomes we are targeting are underpinned by the six enablers. The wheel is also divided into quarters to group the factors by area:

- **serving people and places**
- **enhancing the environment**
- **empowering our people**
- **financing the future.**

These form the basis of the four main chapters in this document. At the centre of the wheel is our purpose, which is at the heart of everything we do.



Chairman's foreword

These are challenging times for the water sector. The need for environmental performance and resilience is increasing as cost-of-living pressures continue to squeeze household budgets. Meanwhile, global warming is associated with more extreme weather and, in the UK, will lead to drier summers and wetter winters. It is essential that we provide resilient water and wastewater services throughout these changes. We are proud to play our part in taking these challenges on.

It is a significant time of change for Wessex Water and the wider YTL UK group. The next few months will feature leadership changes and the launch of a major new cross-sector delivery business, which underline YTL's long-term commitment to infrastructure in the UK.

After 36 years of service as Chief Executive, Colin Skellett will hand over the reins at Wessex Water to our Chief Compliance Officer Ruth Jefferson. Colin leaves the most incredible legacy. Colin took the business through the early years of privatisation, steered it through the turbulent times of Enron ownership and, under his leadership, has built Wessex Water in to a top performer that YTL has been proud to own for the past 22 years. Colin has the greatest admiration and standing in the sector and, together with the whole Board, I extend my sincere thanks for all he has done.

We look forward to Ruth picking up the baton. She brings a strong focus on performance and compliance, which is of ever-increasing importance and has played an instrumental role in building wide stakeholder engagement and support to a new approach to environmental regulation. The Wessex Water Board and the whole team are looking forward to working with her to build on our strong base and realise our future ambitions.

The Wessex Water team has made promising progress in championing a new approach to environmental regulation with the Sustainable Solutions for Water and Nature (SSWAN) partnership. The partnership proposes a different model that can deliver better outcomes

for customers, the environment and water users across whole catchments. Colin explains more about this and the use of catchment and nature-based solutions to deliver more efficiently in his review on page 5 and the case study on page 7. In view of the multiplicity of challenges ahead for water, we need this kind of collaborative, creative approach – and I urge all interested parties to get involved with SSWAN's ongoing programme.

River health is a priority and we are taking action to improve our performance. In common with other English water companies, every storm overflow on the Wessex Water network is now monitored – a world-leading position for the English water industry – and we are using Artificial Intelligence (AI) to survey our sewerage network. These technologies are providing better visibility, data and alerts which will enable faster responses, allow for preventative action and guide our capital investment choices.

We understand that the demands of the public, media and politicians for healthier water courses has rightly grown stronger. Within this context, we are painfully aware that our storm overflows spilled for longer than they did in the previous year. This was driven by exceptional rainfall, with 2023 being one of the wettest on record in our region. Despite this, we are encouraged by the reduction in our serious pollution numbers reported in the year and we are hopeful that Wessex Water will be recognised with a four-star rating on environmental performance, the highest rating possible. We are now working with government and regulators to explore the significant opportunity to deliver nature-based solutions to reduce spill frequency and duration in future as part of the overall solution.

The cost of living remained high in 2023 and many of our customers continued to experience economic hardship. We responded by making our support packages for vulnerable customers and those struggling to pay their bills more visible and easier to access. This included auto-enrolling just under 5,000 eligible customers on to our schemes



Tan Sri (Sir) Francis Yeoh KBE
Chairman

through data shares with government. We beat our target of securing 2,300 successful applications for financial assistance, by more than 400 applications.

More broadly, our customer service continues to lead the industry.

Our capital investment increased by 44% in the year from £292m to £421m, driven by the profiling of the WINEP delivery programme, the impact of delays to work arising from the Covid-19 period, strategic maintenance projects and increased cost of inputs to construction. Dividends declared by the Board were reflective of our performance and represented a 5.0% return on investment. We are soundly financed and, as responsible investors, YTL stands ready to invest in Wessex Water's future, for a fair return. We would, however, like to see regulation evolve in line with the SSWAN proposals to allow for much better use of nature-based solutions alongside traditional approaches; this will ensure the solutions we deliver are truly sustainable for water and nature and best value for all.

YTL Construction UK is a new venture which will bring together YTL's global expertise and supply chains with Wessex Water's capabilities to create a new construction business. The new business will work across all major construction areas, including opportunities within the wider UK water industry which has proposed a £100 billion expenditure programme over the next five years. I am delighted that Colin will continue as Group Chief Executive of YTL UK and John Thompson, Chief Operating Officer of Wessex Water, will lead the construction business.

These changes further strengthen our ability to take on the coming challenges. At the time of writing, Wessex Water's business plan for 2025-30 remains subject to regulatory approval. However, we are committed to delivering record levels of investment and working towards a future where: rivers are healthier and no longer blighted by regular storm overflow spills and excess nutrients; everyone is confident water supplies remain safe, clean and sustainable; our carbon footprint is going down not up; as well as working to support nature and biodiversity every day as we deliver our services.

As always, I am very grateful for the dedication of all our Wessex Water colleagues and business partners; they have shown great service and resilience in the face of significant pressure. There are many years of investment, delivery and improvement ahead and I look forward to Wessex Water realising our ambitious plan with YTL's strong support.

I thank the Lord Jesus for His constant grace and guidance and pray that we continue to rise up to the challenges we face.



Tan Sri (Sir) Francis Yeoh KBE
Chairman

Chief Executive's review

This is my final Annual Report as Wessex Water's Chief Executive. It has been a privilege to lead the company from its formative years, to oversee the delivery of so much improvement for customers and the environment and to help build the industry-leading organisation we have today.

But the work is far from done. We are at a crucial point for the water industry to meet the challenges of climate change, low carbon, customer expectations and restoring trust. Dealing with storm overflow discharges and doing more to support river health is at the top of the public agenda and therefore ours. We also need to decarbonise and supply a growing population, whilst reducing the amount of water we abstract and help to improve the natural environment. This all comes at a time of climatic, technological and societal change, and when people can least afford to pay for expensive single-problem fixes.

For all these reasons, I want to look to the future rather than the past as I step back from leading the company. A key feature of our work this year has been as part of the Sustainable Solutions for Water and Nature (SSWAN) coalition, which has crafted a new vision for the water environment. Together with Green Alliance, The Rivers Trust, RSPB, The Wildlife Trusts, Sustainability First, CIWEM and Water UK, we propose replacing today's fragmented regulatory model with a catchment-wide approach which works across sectors and prioritises efficient, nature-based and low carbon solutions. Alignment of the regulatory functions that govern water, farming, planning and housing development within a common overall framework, focused on achieving better environmental, social and economic outcomes, will ensure we have clean, healthy rivers, delivered and paid for in the most efficient way.

The SSWAN project envisages refreshed roles for Government, regulators and regulated companies and the creation of new Catchment Advisory Boards (CABs) which would advise regulators on desired outcomes based on local priorities, taking account of what is achievable and at what cost. The CABs would also provide an ongoing monitoring role; non-compliance would have strong consequences, with penalties consistent with the 'polluter pays' principle. More information on the thinking can be found at www.sswan.co.uk

We now need to bring the ideas to life. Project SSWAN has some specific asks of the government, as shown in the box. My successor, Ruth Jefferson, has been heavily involved in the work and I know will continue to champion it with our partners.

To have the legitimacy to advocate for change, our day-to-day performance has to be good. In 2022, we were not content with our performance and have been determined to improve. Whilst we have performed well in some areas, such as customer satisfaction, we have missed key targets, notably sewer flooding, where there remains more to do. I am however, particularly pleased that Wessex Water looks set to recover our four-star environmental rating from the Environment Agency. I thank all our teams, whose focus and vigilance contributed to us recovering our position.

Let me also highlight a broader point, given the media coverage of the financial fragility of some water companies. Wessex Water is not in that position. YTL has been our sole owner for 22 years and has maintained a simple structure, with a straightforward and ethical approach to financing. Our financial foundations are strong and we are committed to the long-term sustainable stewardship of our business.

We need to continue to build our resilience to the rapidly changing climate, as 2023 demonstrated. It was one of the wettest years on record and inevitably this affected many of our operations. The high rainfall resulted in a significant increase in storm overflow discharges, as well as more sewer flooding and minor pollution incidents. We take this deterioration in our performance very seriously.

We are investing £3 million each month on storm overflows – rising to over £6 million a month after 2025, subject to regulatory approval. We have deployed monitors on every overflow in our region to guide our priorities and we are working at pace to deliver both asset and nature-based solutions to protect properties and waterways, as well as to provide better information to users of our coastal and inland waters.

The wet weather means we can be certain that there will be no need for any restrictions on water use – maintaining our 48-year record of no restrictions. However, the climate change effect of greater variation in temperature and rainfall does impact on ground movements that can



Colin Skellett
Chief Executive

cause damage to our pipes. Even so, in 2023, we reduced our annual average level of leakage by 1.4 MI/d (2.0%) from 71.2MI/d to 69.8MI/d. This result was achieved by pressure management and leakage control improvements, which included installing over 6,000 permanent acoustic loggers in our network to aid leak detection.

We also had a successful year in other ways. The quality of drinking water we supplied looks set to be recognised as industry leading. We had the fewest customer complaints of all water companies and maintained our long-standing top performance on customer service and community engagement, reflected in our leading C-MeX score and excellent TrustPilot rating. Our campaign to raise awareness of the help available to customers struggling to pay their bills and making it easier to access this help, resulted in even more customers getting the help they needed from our tailored assistance programme. In addition, we provided over £500,000 of grants through our charitable Wessex Water Foundation.

Alongside business-as-usual, in October 2023 we submitted our business plan to Ofwat for 2025-30. This was the product of many months of dedicated focus to strike the right balance within the current regulatory framework and in light of so many competing pressures.

In the immediate term, we need the plan to be approved so we can get on with transforming water and wastewater services to meet modern expectations - particularly getting sewage, nutrients and other pollution out of rivers. But this will be a long journey in which there are no quick fixes, despite the urgency of the call for change.

For that reason, we need government, regulators, water companies, campaigners, customers, communities and delivery bodies across the water, agriculture, industry and development sectors to back SSWAN's vision for more sustainable solutions for water and nature. We are passionate about the multiple benefits of nature-based solutions and want to deliver the outcomes our customers demand in the cleanest, greenest and most cost-effective ways possible. We need to pivot away from short-term five year price settlements to unlock this potential.

We owe it to the thousands who work in this industry, those just coming in such as the 92 apprentices and graduates we took on this year, and the millions who depend on its essential services to get this right. I know Wessex Water, under its new leadership, will play a leading role.



Colin Skellett
Chief Executive

Sustainable Solutions for Water and Nature

Restoring nature and the recovery of our rivers and coastal waters are at the heart of a pioneering call to action for policymakers, regulators and the wider industry.

SSWAN asks the next Parliament to:

1. Set water health targets at a national and catchment scale, ensuring policy levers and incentives are in place to reduce pollutants and deliver targets locally
2. Link investment and targets across water quality, flooding, nature recovery, carbon, and climate to create new sources of funding
3. Ensure pollution is accurately apportioned to those responsible, with detailed and transparent monitoring carried out by public bodies
4. Establish independent Catchment Advisory Boards to facilitate local decision making and deliver targets efficiently
5. Resource the regulators to drive compliance and sufficient investment in the water system, using existing enforcement tools
6. Set a framework to deliver long-term resilience, established by an independent body, and requiring water companies and regulators to deliver against the framework.



CASE STUDY SUSTAINABLE SOLUTIONS FOR WATER AND NATURE (SSWAN)

Nature and the recovery of our rivers, lakes and coastal waters are at the heart of a pioneering call to action for policymakers, regulators and the wider industry.

Alongside other organisations, including Water UK and environmental groups, we have shared groundbreaking proposals for regulatory reform of the water industry. The new approach we are collectively suggesting focuses on whole catchment areas working together and using nature-based and low carbon solutions.

The SSWAN (Sustainable Solutions for Water and Nature) coalition has issued a call to action for policymakers and regulators, alongside a discussion paper that explains how we could all be working differently to achieve better outcomes for nature. This would see environmental targets set at a catchment level and include all stakeholders, such as water companies, farmers, industry and housing developers in the local area.

The new approach was formed after months of engagement and discussion led by us, between different groups across the sector including CIWEM, RSPB England, The Rivers Trust and The Wildlife Trusts.

Group Sustainability Director Guy Thompson said:

“If implemented, SSWAN will make it much easier for water companies to work in partnership to find the right solution for each river, coast and lake in their region. And it will mean we can make the best use of the significant investment going into our water systems and communities.

“I’m really proud to see us leading the charge with the SSWAN initiative. We have a long way to go, but hopefully in the future, this proposed new regulatory approach will help accelerate the recovery of our rivers, coasts and nature in our catchments.”

You can read full details about the SSWAN project at www.sswan.co.uk



Serving people and places

To provide reliable, affordable services for all customers and communities

OUTCOMES	Target 2050	Actual 23/24	Previous year	Progress
Safe and reliable water supply				
Water supply interruptions (mm: ss)	0:00	00:05:35	00:04:10	↓
Compliance risk index score	0:00	0.93	1.04	↑
An effective sewerage system				
Internal sewer flooding	-	1.56	1.31	↓
Affordable bills				
Percentage of customers spending more than 5% of their disposable income on their water bill*	0%	6.3%	6.5%	↑
Excellent customer experience				
Position in the UK Customer Satisfaction Index	Top 10	236th	93rd	↓
C-Mex	upper quartile	second overall	third overall	↑



*Based on the March 2021 CEPA report - <https://www.water.org.uk/wp-content/uploads/2021/04/Quantitative-analysis-of-water-poverty-in-England-and-Wales.pdf>.

Overview

Though there remain some critical areas to work on, it is rewarding to see the hard work reflected in this year's data.

In common with 2022, our customers continued to feel the impact of high living costs on their household budgets in 2023 and affordability remained a priority for us. But weatherwise, it was a very different year. Issues arising from the drought and heatwaves of 2022 were replaced by challenges from exceptional levels of rainfall. The 12 months between March 2023 and February 2024 were the wettest on record (since 1871) in our region, with an average accumulation of 1310mm, equating to 155% of the long-term average rainfall. High rainfall levels persisted throughout this period, with nine of these 12 months individually above the long-term average, some by around 250%. Meanwhile, mild temperatures made the year the second warmest on record. The reality of climate change is with us, as are the growing challenges that come with it.

Against this backdrop, in three of the four areas that fall within the 'Serving people and places' area, we continued to provide leading levels of service: safe and reliable water supply, affordable bills and great customer experience. Some highlights included:

- our Compliance Risk Index score looks set to be industry-leading and our Event Risk Index score will be a significant improvement on last year; these are the two key measures of drinking water quality
- on affordability, we remain committed to our pledge to end water poverty by 2030 despite the increasingly difficult economic context. This year we have focused on boosting access to the wide range of financial support we provide under our tailored assistance programme (**tap**) to ensure even more customers get the help they need. We have also continued to provide support and grants through our charitable Wessex Water Foundation
- our ongoing focus on delivering great customer service resulted in us remaining a leading performer in the range of relevant customer service metrics, including being the top water and sewerage company on Ofwat's measure of customer experience, C-MeX.

However, our wastewater network struggled under the persistent heavy rain and the number of sewer floods that happened both inside and outside of people's properties regrettably increased. With more extreme weather likely to be a feature of the future, we are now using AI technology to detect defects, such as collapses and obstructions caused by wet wipes, along our many miles of sewer network. This will help us to speed up our response times - see case study, AI insight helping to protect rivers, seas and homes on page 16.

A single, but significant, trunk mains burst in Chippenham in February 2024 also hit our supply interruptions performance this year. However, amongst water companies, we expect to remain in the leading pack.

Our journey

Our long-term ambitions for serving people and places are set out in our Strategic Direction Statement. We are targeting:

- 100% water quality compliance
- zero water supply interruptions of longer than three hours
- halving the impact of sewer flooding
- zero water poverty - no one will spend more than 5% of their disposable income on water
- being a top 10 customer service provider across all companies in the UK.

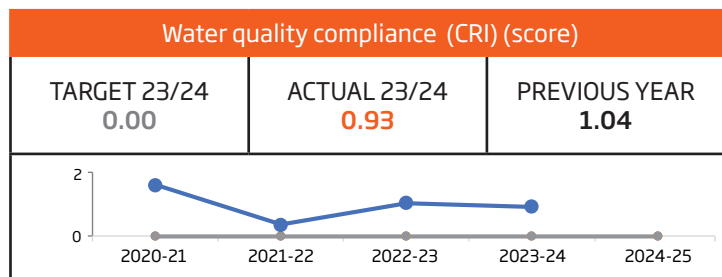
In the following pages, we set out how we have performed against our regulatory performance commitments for serving people and places.



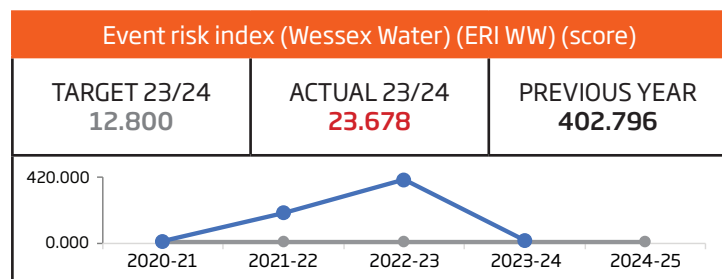
Safe and reliable water supply

Drinking water quality

High quality drinking water is a fundamental requirement for customers. We are pleased to report improvements across all relevant metrics in 2023 from an already high base and expect to be industry-leading among water and sewerage companies on the Compliance Risk Index (CRI), which is one of two measures used by the Drinking Water Inspectorate (DWI) to measure drinking water quality compliance.



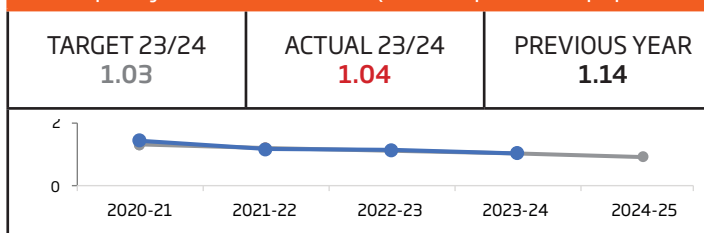
The Drinking Water Inspectorate (DWI) measures drinking water quality compliance using two main metrics: the Compliance Risk Index (CRI) and the Event Risk Index (ERI). We will not receive our confirmed CRI score from the DWI until July but anticipate an industry-leading score of 0.93 - which is also an improvement on our 2022 score of 1.04.



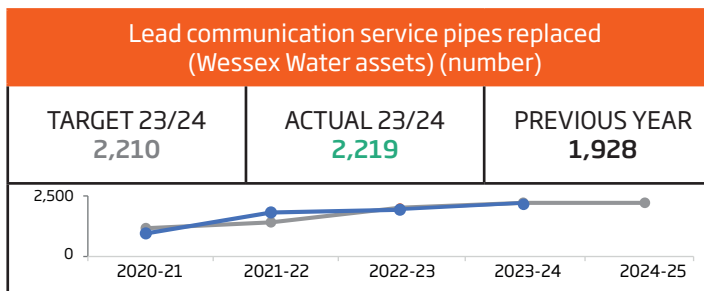
The other measure used by the DWI is the Event Risk Index (ERI). Our provisional ERI score of 24 is a considerable improvement on last year's very disappointing score of 403 - although even then we outperformed the industry average. We reported 22 events to the DWI in 2023. We capture learnings from each event and put in place preventative measures to increase resilience.

Note: ERI score to be confirmed by the Drinking Water Inspectorate

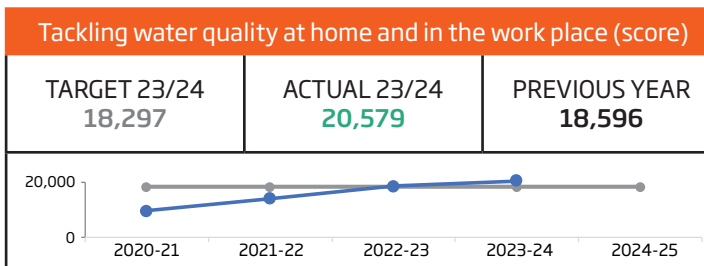
Water quality customer contacts (number per 1,000 population)



We registered fewer complaints from customers about the taste, odour or appearance of their water in 2023: 1,404 contacts from the 1.4 million customers we supply, the lowest level ever and continuing a five-year downwards trend. Our success here is in part because we investigate the source of every contact and target our actions accordingly.



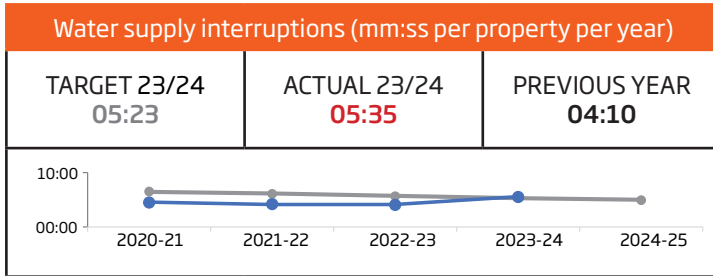
This year we just beat our annual target for lead pipe replacement - an improvement on last year when we were slightly below our annual target. We also continue to outperform our cumulative target, having exceeded our four-year goal by just over 100 replacements.



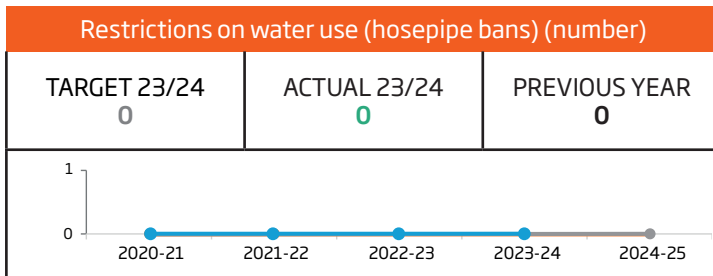
We undertook 20,579 water quality home and workplace checks, against a target of 18,297 and last year's 18,596. This was achieved through additional resourcing and working more efficiently, including by collaborating with our high-risk site wastewater audit team. However, we remain unlikely to meet our March 2025 target, as we work to catch-up from the reduced checks achieved during the Covid-19 period.



Supply interruptions



Having delivered industry-leading performance in the previous three years, a major incident in Chippenham in February this year regrettably resulted in a significant increase in minutes lost - from an average of 4 minutes 10 seconds in 2022 to an average of 5 minutes 35 seconds in 2023. A burst on a trunk main just downstream of the service reservoir in Chippenham left 3,000 customers off supply until a repair was carried out. Where it was feasible to do so, we prevented the burst from affecting even more customers by re-routing water from other supply zones.



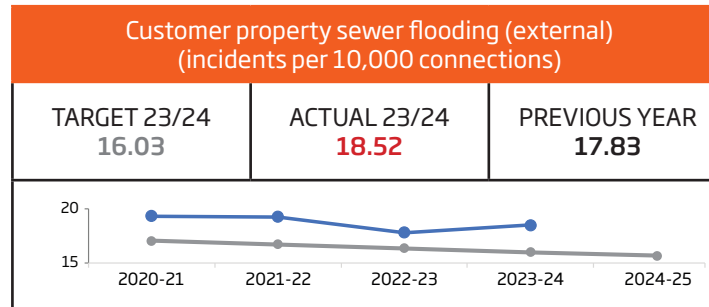
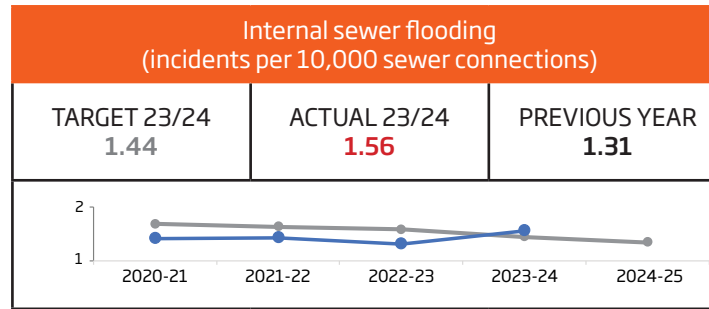
No supply restrictions were needed in 2023-24, continuing a decades-long pattern, since the major drought of 1976.

An effective sewerage system

Sewer flooding

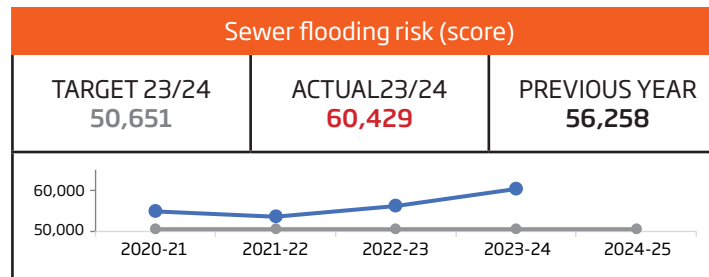
In contrast to our drinking water quality performance, we are disappointed that we have not met our sewer flooding targets. We accept that this is a significant shortcoming, given the devastating impacts sewer flooding can have for customers. Whilst this is the result of extremely wet weather that has characterised 2023, we will build more resilience into our system.

There were 202 sewer floods inside properties (internal) in the year, up from 168 in 2022. This is a rate of 1.56 incidents per 10,000 sewer connections, above our target of 1.44.



The number of sewer floods outside of properties (external) rose from 2,295 in 2022 to 2,397 in 2023; this is a rate of 18.52 incidents per 10,000 sewer connections, above our target of 16.03. Any flooding incident is one too many and we are determined to reduce the number next year.

In last year's annual review summary, we welcomed news that the government intended to ban plastics in wet wipes, given 90% of external and 85% of internal sewer flooding incidents are a result of sewer blockages, with wipes the single largest cause of those blockages. In April 2024, the government confirmed legislation would be introduced to implement the ban by the end of the year. We hope the incoming government remains similarly committed. We believe this will significantly reduce the number of customers blighted by sewer flooding.



The persistent rain meant that our target on the sewer flooding risk measure, which assesses the probability and impact of flooding incidents, proved elusive.

North Bristol Sewer Scheme - Trym catchment (months)

TARGET 23/24	ACTUAL 23/24	PREVIOUS YEAR
0	0	0

On a more positive note, we met our target for there to be no delays to the delivery of our North Bristol Sewer Scheme, which will reduce flooding, overflows and pollution risk whilst building capacity to support growth and cope with climate change. In fact, although we had intended to complete the scheme in March 2023, we actually finished it early, in December 2022.

Affordable bills

Financial vulnerability

Our commitment to supporting every customer to be able to afford their water bill is long established. We provide extensive financial and debt support through a range of schemes and low-rate tariffs under our tailored assistance programme (**tap**) and each year we build on past progress.

Our commitment remains, even as the context changes. Importantly, we remain resolved to achieve zero water poverty by 2030 (defined as no one spending more than 5% of their disposable income on water) despite average bills rising for the second consecutive year this year and customers continuing to battle with the wider cost of living crisis.

In 2023, we focused on making help easier and quicker to access and improving the customer journey. We made the following changes in the year:

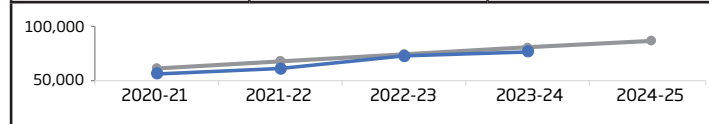
- auto-enrolled just under 5,000 customers to schemes via data shares with councils and the Department for Work and Pensions
- continued to fast-track customers to our Assist scheme (which provides bill discounts) at first point of contact
- introduced a new care leavers scheme pilot, enabling those leaving care to automatically access Assist up to the age of 21
- promoted our schemes using a variety of communication channels, using imagery and wording customers have said will best encourage them to get in touch. Our activities included: placing adverts in specialist publications (such as hospital magazines and with Kidney Care UK) as well as in more general publications and locations; distributing leaflets through

schools and in 'new parent packs' in Chippenham; and posting on social media, including during 'Stop Loan Shark Week'

- committed to working with debt advice organisation Money Wellness to refer our customers to them directly through a web portal. With consent, we are also able to receive data back to support customers to access the right help for them
- provided 20+ training and awareness-raising sessions with partners about what **tap** has to offer
- launched a new online eligibility calculator to enable customers to find the right affordability scheme for them.

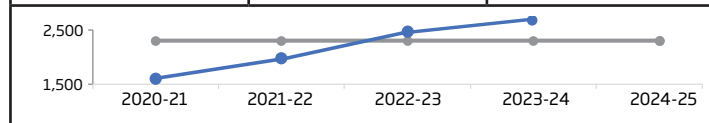
Total bill reduction to customers on social tariffs per 10,000 households (£ per 10,000 customers)

TARGET 23/24	ACTUAL 23/24	PREVIOUS YEAR
80,858	76,567	72,723



Successful applications for assistance received by the independent advice sector/third parties (number)

TARGET 23/24	ACTUAL 23/24	PREVIOUS YEAR
2,300	2,732	2,474



The total bill reduction to customers on social tariffs per 10,000 households rose this year from £72,723 to £76,567. However, we missed our target for the year of £80,858.

We finished the year with a reconciled figure of 2,732 successful applications for assistance for financial support. This is an increase of 258 compared to 2022-23 and 432 above our regulatory target of 2,300.

We also met our target for the number of applications to our financial support schemes from funded advice agencies. As the cost of living crisis persists, most agencies are close to capacity and are dealing with both more complex cases and a new type of client: customers in full-time work who now need affordability help.



The North Bristol Sewer Scheme is designed to reduce overflows and flooding incidents.

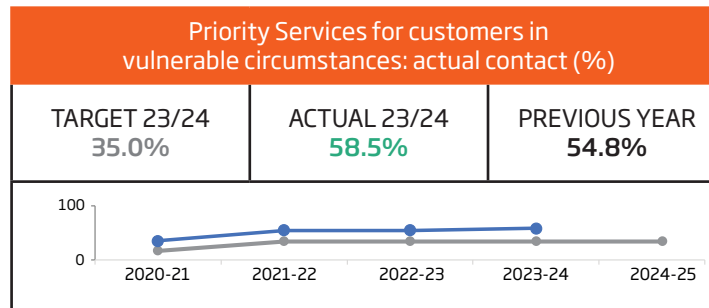
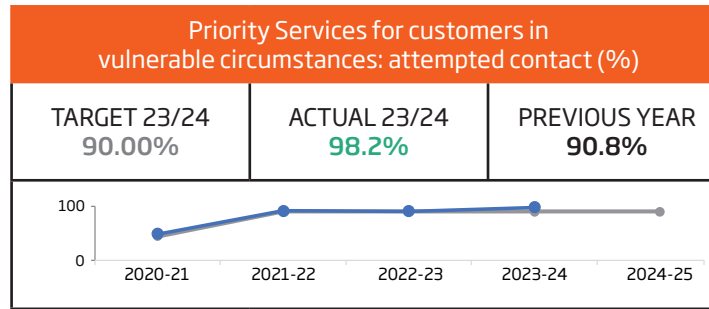
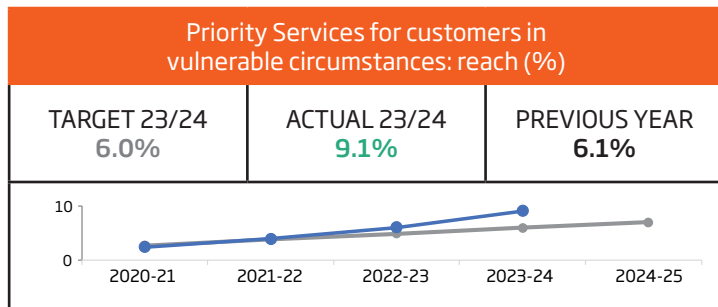
Wider vulnerability

Our strategy to help vulnerable customers, Every Customer Matters, continues to guide our work on providing inclusive services, including Priority Services. Mirroring our focus on fast and easy access to financial help, we also focused on raising awareness and take-up of the support we offer, to those in other types of vulnerable circumstances.

With over 100,000 customers on our register, we achieved a reach of 9.1%, exceeding our 2024-25 target of 6.0%. However, we continue to work to build on this. We have extended our performance in successfully contacting customers every two years to update their Priority Services Register (PSR) details to 58.5% against a target of 35%.

Among our activities in the year, we:

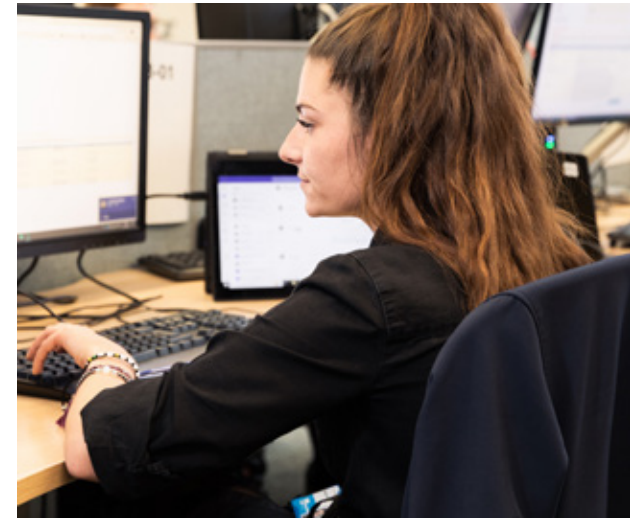
- introduced SignLive, a service for customers who use British Sign Language (BSL) as their first language
- launched a two-way data share with power distribution companies National Grid Electricity Distribution and Scottish and Southern Electricity Network, and the Dorset and Wiltshire Fire Service, to build a shared understanding of who may be in vulnerable circumstances
- worked with Kidney Care UK to set up drop-in clinics to support those living with chronic kidney disease to access our help to pay schemes and our Priority Services Register (PSR)
- hosted our first Vulnerability Awareness Week, to support staff working with customers who need extra help and to promote the tools and training opportunities we provide to help them deal with difficult situations
- launched a new partnership tiers scheme to help us track how we work with partners
- introduced a new online form for those who have experienced bereavement and need to contact us and updated our web page to signpost further assistance.



We have once again retained the British Standard for Inclusive Service Provision.

We continue to develop the support we provide, with more initiatives planned for 2024-25, including:

- exploring data sharing with more councils and fire services to auto-enrol customers on to help schemes
- working with fintech company I&E Hub to improve our digital sign-up journey
- participating in the national PSR project which will see us share data with energy suppliers two-way
- developing a partnership with Marie Curie to support customers living with cancer
- working towards the new ISO 22458 standard for consumer vulnerability.



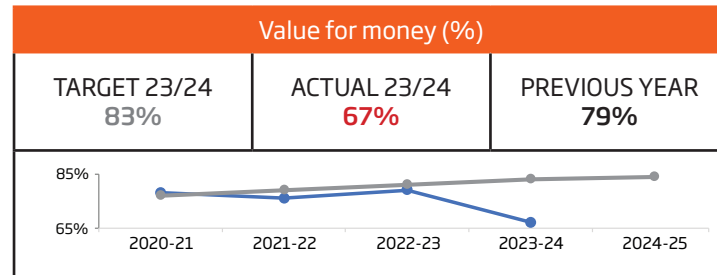
Excellent customer experience

Service and satisfaction

Providing the highest levels of customer experience is one of the things that differentiates Wessex Water from the wider water industry; we want to provide an excellent experience for every customer, every time, and we achieve high standards of success in this area. We set ourselves the high bar of being a top 10 company in the all-sector UK Customer Satisfaction Index (UKCSI) by 2050. As we work towards that, we measure our performance using a range of metrics.

C-Mex (score)		
TARGET 23/24	ACTUAL 23/24	PREVIOUS YEAR
-	81.77	82.99

For our household customers, we target always being an upper quartile performer in the main water industry customer experience measure, C-MeX. In 2023, we maintained our high performance, coming first of the water and sewerage companies and second overall.



However, when looking at some of the other measures, we were disappointed that 67% of our customers said our service was good or very good value for money in 2023, compared to 79% last year and our target of 83%. 87% said they were satisfied with our service, unchanged from 2022. Both can be affected by weather-related challenges, as well as the public narrative about the wider water sector, which remains negative.

Our average Trustpilot rating was 4.6 stars out of 5, and 83% of reviewers gave us the top possible rating of five stars. Finally, we underwent full reaccreditation for the highly prized accolade we have held since 1996, the Customer Service Excellence award. We increased our score from eight to 22 compliance plus,

which means we exceeded requirements and demonstrated exemplary practices. The Centre for Assessment praised our team approach, depth of customer understanding, inclusivity and culture of seeing challenges as learning opportunities. The report said: "Quality and continuous improvement are of the highest importance to Wessex Water and the organisational culture is one of prioritising the customer experience."

We continue to provide a variety of ways for customers to get in touch with us. The number opting for self-service, text messaging and web chat continues to grow and 223k are now signed-up to eBilling.

D-Mex (score)		
TARGET 23/24	ACTUAL 23/24	PREVIOUS YEAR
-	90.21	89.89

We also aim to provide great service for our developer customers, targeting upper quartile performance in the industry's developer experience measure, D-MeX. In 2023, we were placed fourth of the water and sewerage companies and sixth overall. Our score of 90.21 is the highest level we have achieved since the measure was first introduced, but our peers have also improved, making an upper quartile placing something of a moving target. Only 1.51 points now separate the top six performers.

Complaints and feedback

According to the latest data from the Consumer Council for Water, we have the lowest rate of complaints in the water and sewerage industry, at 21.57 per 10,000 connections; this was significantly better than the next best performer (29.91) and leagues away from the worst performer (227.52). We also performed better than average on complaint handling in the watchdog's league table and were given a special mention for our "sustained lead" on complaints.

In 2023, we registered 3,278 complaints, a 19% increase on last year. However, we remain committed to implementing all the improvements outlined in our best practice Complaints Action Plan, which should result in a decrease in complaints next year.

Across our business, we treat feedback as a learning opportunity. Our Customer Experience Group keeps our feedback strategy under constant review. Key areas of focus and activity in 2023 included establishing a dedicated case management team



Our people go the extra mile for customers. Our average Trustpilot rating was 4.6 stars out of 5, and 83% of reviewers gave us the top possible rating of five stars.

to support customers who experience repeat problems (as recommended by the Ofwat/CCW Ending Sewer Flooding Misery work) and improving how we manage incidents and major events.

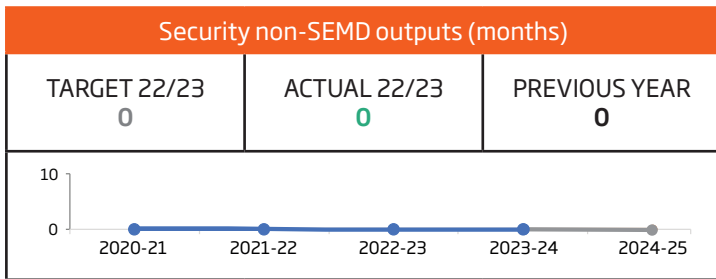
Business customers

We provide wholesale water and wastewater services to business customers. Since 2017, all non-household water users have been able to shop around for a retailer to provide billing and customer services.

This year we scored 93.6% in the operational performance standards, the market measure of customer service, an increase from last year but behind our target of 96%.

We have supported work to introduce a similar measure of experience for business customers, B-MeX, and will participate in shadow implementation of the measure in 2024-25.

Cyber security



Two water companies have experienced cyber attacks in recent years and cyber security is a pressing issue for all critical infrastructure providers. We are making good progress across a range of areas that are collectively increasing our cyber defences to safeguard our customers and the operation of the business.

Building stronger communities

We have an extensive community engagement programme and we nurture a wide range of local groups, projects and initiatives as part of our responsible business ethos. Our focus in working with our communities is to make a valued contribution to people and places, be it through funding, volunteering, the provision of amenities, or other ways of helping communities achieve their goals. As part of this, we try to increase understanding of how the water system works and develop stronger relationships so we can work with communities on shared challenges and priorities.

Community Connectors

We are now approaching the end of an innovative, two-year, place-based engagement pilot, Community Connectors, which we launched in April 2022. We selected the areas of Chippenham and Bridport and worked with residents to identify shared goals that we could work together to achieve.

Two stand-out themes emerged: climate change and the cost of living. Throughout 2023, the Community Connectors team pursued ways to support the shared goals through funding relevant grass roots projects and leading on initiatives such as Rainsavers, which involved installing water butts, rain gardens and soaker hoses for customers.

CASE STUDY: RAINSAVERS IN CHIPPENHAM

In Chippenham, we expanded our regular Home Check water efficiency visits to offer free water butts and trial the use of 'soaker hoses' to keep rainfall in gardens and out of the sewer system. The service was popular with customers with nearly 300 households having water butts fitted. The soaker hoses allow the captured rainwater to be automatically drained down into borders and vegetable beds but unfortunately only 11% of the properties had gardens and pathways suitable for their installation. Whilst this trial therefore had only a modest impact on reducing rainfall into sewers it has helped to further our understanding of customers' appetite, motivations and the practical barriers for such interventions.

Our engagement work of this kind continues and we are currently trialling alternatives to water butts and soaker hoses with residents in Chard and a coastal village in Dorset. These pilots are also seeking to encourage customer participation in better rainwater management at a household level as part of a portfolio of local solutions to reduce the operation of storm overflows and flooding incidents.

The project concluded at the end of April 2024. We intend to produce a final report on the trial in mid 2024 and award 'Watermark' accreditation to recognise environmental and water saving achievements where agreed goals are reached.



Chippenham Refill Point launch with the Mayor

Charity and volunteering

Our volunteering programme, Water Force, is thriving. In 2023, 760 colleagues - 30% of the Wessex Water workforce - took part, donating over 4,000 hours with 33 different organisations. The charitable Wessex Water Foundation, set up in 2020, continued to provide much-needed financial support to south-west social and environmental initiatives, in partnership with the Somerset, Wiltshire, Dorset and Quartet Community Foundations.

In 2023-24, grants totalling £567,898 were distributed through the Foundation to support core debt advice services provided by Citizens Advice and our five key environmental partner programmes, as well as through two community funding rounds supporting grassroots environmental and community activities.

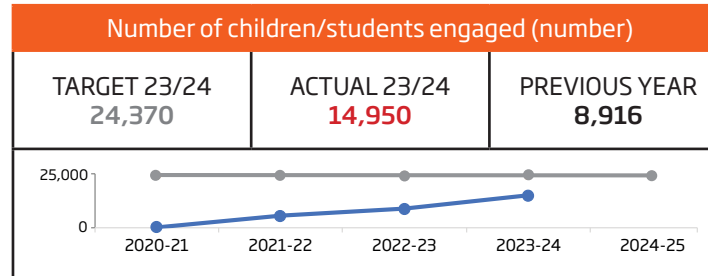
Wellbeing and recreation

We completed our refill point programme - providing free drinking water for people on the go - with the installation of the 24th and final refill unit in Chippenham High Street. In partnership with local councils, we maintain and promote these refill points, saving around 350,000 500ml single-use plastic bottles every year.

We also promoted the 'refill not landfill' message at events throughout the year, providing water stations and refill points at two Bath half marathons, the Corsham 10K and Cancer Research UK's Race for Life. We eliminated the equivalent of 52,800 single-use plastic bottles from landfill, engaged with more than 3,400 customers and supported over 27,600 runners and attendees.

We are also keen to provide access, information and a great experience at our own reservoir and recreation sites. We host thousands of visitors every year, including many educational events during school holidays. We have also recently completed work to improve signage and information for visitors.

Spreading the word



We continue to build understanding of water by working with children and young people every year through school and operational site visits; these are curriculum-aligned and delivered in person. This year we reached 14,950 children and young people, up from 8,916 in 2022. Our school bookings are now close to capacity.

Throughout August and September 2023, we attended summer shows across the region and talked to customers about sewer misuse and water efficiency in their homes and gardens, as well as sustainable drainage systems and rainwater management.

Our 'Around the Bend' tours of our water recycling centres continued to be popular, providing both entertainment and education to the public about sewage treatment processes and what not to flush.



We help fund important community projects through the Wessex Water Foundation like the Westbury and Warminster Youth Club.



CASE STUDY

AI insight helping to protect rivers, seas and homes



Smart systems link to our network intelligence such as Storm Harvester and CCTV.



Real-time monitoring at Warleigh Weir, near Bath

Hi wild swimmers!
Want to know what the current water quality, temperature and flowrate over the weir is?
Scan this QR code to find out



Artificial Intelligence (AI) is helping us monitor and protect the waterways in our region.

Coastal and river water quality is affected by numerous sources - including wildlife, agriculture, regulated storm overflows and treated sewage discharges - so we developed an AI app with UnifAI Technology which uses algorithms to give half-hourly predictions on bacteria levels.

As well as bacteria, the app shows the temperature, water level and water flow along with the amount of rainfall.

At Warleigh Weir, a popular wild swimming location near Bath, data has been collected from sensors since 2021 and swimmers now have better information before they enter the water.

In Dorset, real-time monitoring at Bournemouth and Boscombe beaches will provide a better understanding of water quality status. The area's bathing waters are already assessed by the Environment Agency and most are rated 'Excellent', including Bournemouth Pier, Durley Chine and Alum Chine.

UnifAI has also developed an AI system in Poole Harbour, with real-time water quality notifications informing local fishery and recreational businesses.

And we have worked with Othniel Oysters and Bangor University to provide weekly water and oyster samples for analysis.

Sewer detectives

Below ground, we have been harnessing the power of AI to help spot problems in our 35,000km network of sewer pipes in partnership with research and development firm Molfar.

We previously surveyed around 400km of sewer a year using CCTV equipment relying on colleagues manually recording any defects they spot while watching the footage live. AI technology automatically detects and classifies defects from survey footage to help us improve efficiency and reduce business costs.

We are also using AI monitoring devices to detect levels in sewer pipes and trigger an alarm when storm overflows are in use. High sewer levels can be caused by blockages like flushed wet wipes, so we partnered with AI service StormHarvester to identify these early before the network becomes overwhelmed. StormHarvester uses machine learning and hyperlocal rainfall forecasts to predict sewer levels and detect early blockage formations.

Enhancing the environment

To deliver a better environment for nature and people

OUTCOMES	Target 2050	Actual 23/24	Previous year	Progress
Sustainable abstraction				
Compliance with abstraction licences	100%	98%	98%	↔
Excellent river and coastal water quality				
Number of pollution incidents	0	126	110	↓
Total tonnes of phosphorus removed from rivers and coastal waters per day	*	5.02	3.76	↑
Total tonnes of nitrogen removed from rivers and coastal waters per day	*	12.91	9.92	↑
Net zero carbon				
Total ktCO ₂ e per year (operational)	0	105	104	↓
Increased biodiversity				
Number of biodiversity units	Double our contribution	613	613	↔

*Target will depend on what is required, which we cannot forecast.

**Zero target is 2040 for net zero carbon



Our sniffer dog, Freya, is regularly deployed to detect Great Crested Newts, which are moved out of harm's way ahead of construction work starting.

Overview

We are playing a key role in shaping thinking on how to ensure that investment targeted at improving the environment in the widest sense represents optimal value for money in future. We have formed a coalition with environmental groups and stakeholders that interact with or otherwise have an interest in the water environment, to champion catchment level solutions to deliver better outcomes for nature. This promises to be an important and exciting strand of work – see case study: Sustainable Solutions for Water And Nature (SSWAN) on page 7.

In terms of our performance, in contrast to 2022, we performed highly on environmental and leakage reduction in 2023. We anticipate a four-star Environmental Performance Assessment rating from the Environment Agency, having responded with urgency to every potential pollution incident to do our utmost to prevent it becoming serious, and on leakage, we reduced our annual average level by 1.4MI/d.

We head into summer 2024 with our reservoirs and aquifers in very healthy condition and do not anticipate any supply challenges in the year ahead. However, our storm overflow discharge performance deteriorated significantly and we registered a rise in minor pollutions. All our storm overflows are now monitored and the data will inform how we work to eliminate spills. Our immediate priority is to tackle the most frequent spillers, as in the case of one near Bath RFC's ground – see Protecting the River Avon in Bath on page 27.

Looking to the longer term, we published a revised Water Resources Management Plan to 2050, featuring ambitious plans to abstract less by cutting demand. We further reduced our annual gross greenhouse gas emissions and stand by our commitment to be carbon neutral in our operations by 2030. We exceeded our target to boost biodiversity on Sites of Special Scientific Interest (SSSI).

Our journey

In our Strategic Direction Statement, which sets out our aims for 2050, we are targeting:

- never harming the health of the water environment through our abstraction
- restoring the quality of our rivers and coastal waters
- being a net zero carbon business (by 2040)
- doubling our contribution to the region's biodiversity.

In the following pages, we set out how we have performed against our current regulatory performance commitments for enhancing the environment.

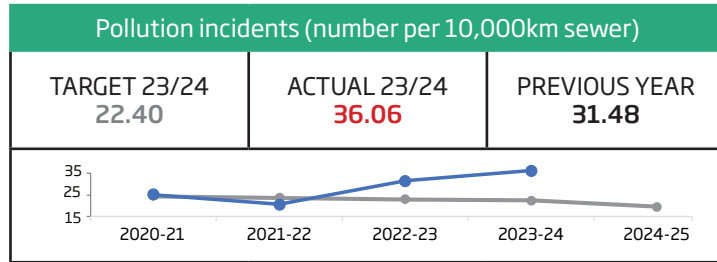


Safeguarding homes and businesses from flooding at Lambridge, Bath

Excellent river and coastal water quality

Pollution incidents

We are now using smart systems to provide intelligence on the health of our network; we use this to inform our maintenance programmes, see case study.



In 2022, we recorded five serious pollution incidents, but in 2023 this fell to one. We are delighted to be back on track to receive the four-star rating in the Environment Agency's Environmental Performance Assessment (EPA) this year.

However, our total number of pollutions rose again, from 110 in 2022 to 126. Normalised by the agreed Environment Agency sewer length of 34,944 kms, the performance level is 36.06 incidents per 10,000 km. There was an increase in events at monitored assets: water recycling centres and strategic pumping stations. Most of these pollution events were very minor or had a short-lived impact.

The wet weather was one causal factor for the higher number; another was increased monitoring. Most notably, we completed the roll-out of Event Duration Monitors (EDM) across all our 1,300 storm overflows, so 100% are now monitored, up from 91% in 2022.

We remain committed to reducing pollution incidents, following our Pollution Incident Reduction Plan (PIRP) and have bolstered our focus on monitored assets considering increased incident numbers. However, we do not expect numbers to return to historical performance levels without further investment.

We prioritise transparency and take ownership of events when they occur. This is clear from the fact that we self-reported 100% of pollutions at monitored assets and 94% overall, up on 97% and 92% respectively. We anticipate achieving green status in the EPA in this area.

Storm overflows

In common with the whole water industry, the number of hours our storm overflows discharged in 2023 was high compared to previous years. In reporting EDM data nationally, the Environment Agency noted that 2023 was an exceptionally wet year.

The monitoring data from the Environment Agency's [Catchment Data Explorer](#) shows storm overflows contribute just 0.8% – nine out of 1,160 – of the reasons why rivers in our area are not achieving good ecological status. Nonetheless, in response to public concern and political guidance, we have committed to eliminating all ecological harm from storm overflow discharges by 2050.

Under the Water Industry National Environmental Programme (WINEP) we are improving 13 frequently spilling storm overflows by 2025.

Our storm overflow performance commitment relates to additional schemes outside of WINEP commitments. We did not deliver any extra outputs in 2023-24, but are aiming to deliver two significant additional schemes by 2025. We have also submitted a business plan to improve a further 128 (the most frequently spilling or highest impact) storm overflows by 2030 in line with new government requirements, as shown on this map: [ArcGIS Storm overflow dashboards](#). Planned investment to 2050 can be viewed on this nationally collated plan [National Storm Overflows Plan](#).

In terms of solutions, our preference is to prevent rainwater from entering combined sewers, but often storage solutions have the highest cost benefit and are more certain to achieve the required reduction in discharges. We are also eager to use nature-based solutions to treat highly diluted discharges caused by groundwater infiltration into our sewer network.



Real-time data from our water recycling centres allows us to make earlier interventions.

CASE STUDY: WETLAND TREATMENT SOLUTIONS FOR GROUNDWATER-INDUCED STORM OVERFLOWS

Many of our most frequent spilling and longest lasting storm overflows are found in groundwater catchments.

When groundwater levels are high, hydraulic pressure can cause water to enter through tiny cracks in the network, overwhelming its capacity and causing it to overflow. The discharge, largely groundwater, is often cleaner than the river that receives it, but this is still counted as a spill.

We can use innovative relining techniques to help prevent infiltration on the c30% of pipes that we own, but we have no power over the remaining 70% of the network, owned by householders and businesses.

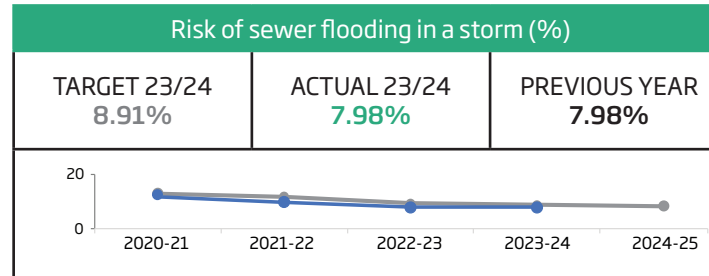
It would be inappropriate in terms of impact on bills and environmental consequences to build expensive, carbon-intensive storage and treatment solutions for such highly diluted wastewater. Our approach, which we will deliver at 36 of our 128 overflow schemes targeted for the next price review period, is to build wetlands to treat discharges from groundwater-induced overflows before they reach the watercourse.

This is a much cheaper, low impact option that also has many positive benefits for biodiversity and, potentially, for community amenity and wellbeing.

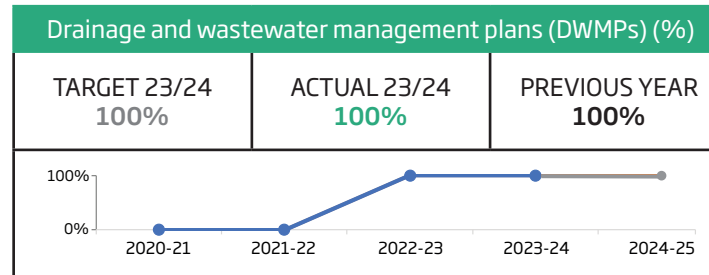
Groundwater-induced storm overflows should be reclassified as permitted treated discharges. That would eliminate untreated discharges and reduce our overall numbers by around 25%.

Planning for the future

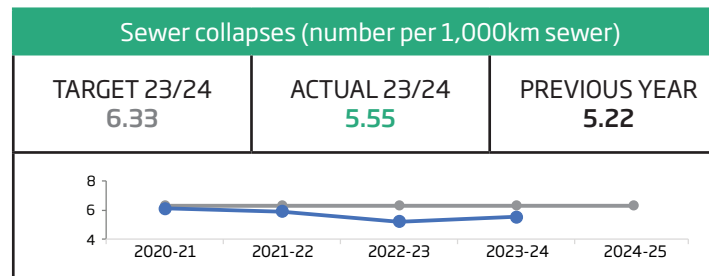
We have a number of measures that will deliver benefits over the long term.



The risk of sewer flooding in a storm measure relates to our understanding of flood risk in our region. We can use this knowledge to develop strategies to reduce the risk of sewer flooding over the long term. As in 2022, the percentage of the population at risk in 2023 was lower than our target, reflecting improvements in our understanding of where the risk is greatest. This understanding helps us target action where it is most needed.



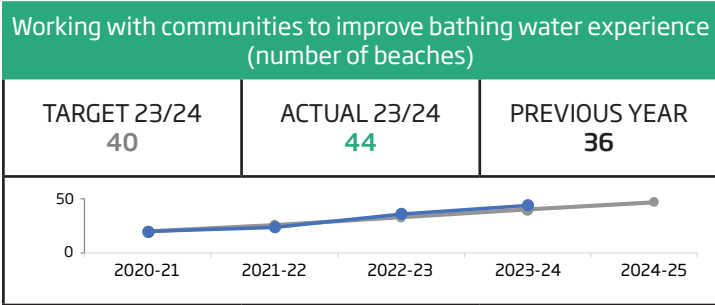
In May 2023, we published our Drainage and Wastewater Management Plan on our website, providing a strategic long-term plan for our network - [Drainage and Wastewater Management Plan](#)



Wetlands at Cromhall, South Gloucestershire.

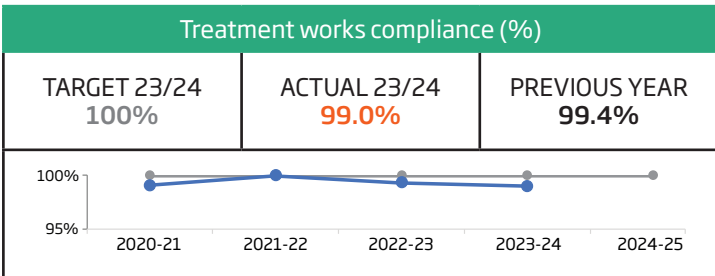
As noted above, all our storm overflows are now monitored in [Storm Overflows Improvement Plan](#). In addition, we have started to provide near real-time data on when our overflows operate; currently this is available at 79 sites near bathing, shellfish and amenity waters.

We met our target on reducing sewer collapses for the fourth year in a row. The measure is designed to ensure that the overall asset health of below-ground wastewater assets is maintained and improved for the benefit of current and future generations.



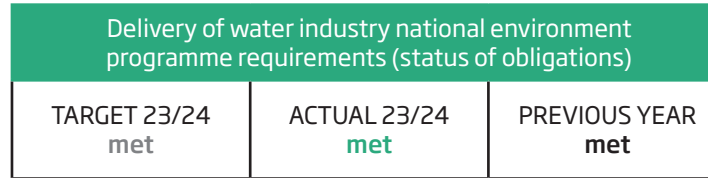
Under this measure, we are incentivised to work with local communities and stakeholders to deliver projects which will enhance the enjoyment of beaches and amenity waters. This includes designated bathing waters but also popular coastal and river sites which are not currently designated. To date, we have delivered projects at 44 locations, including three river/inland sites and 41 beaches, exceeding the target of 40.

Discharge compliance

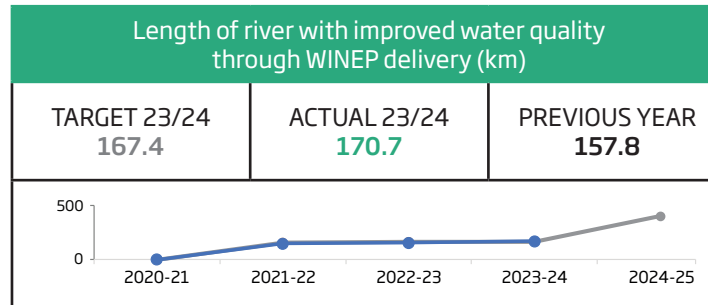


Water discharge compliance from our 18 water treatment and 290 water recycling centres remained very high at 99%. But because three sites failed, we narrowly missed our 100% target. We have implemented process improvements to restore and maintain compliance at the specific sites. We continue to roll out flow meters across our sites and will report on our flow compliance in future years.

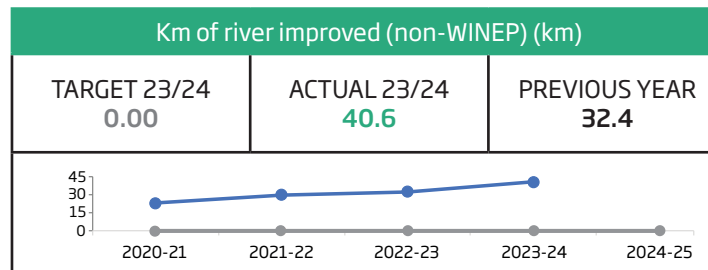
Water quality



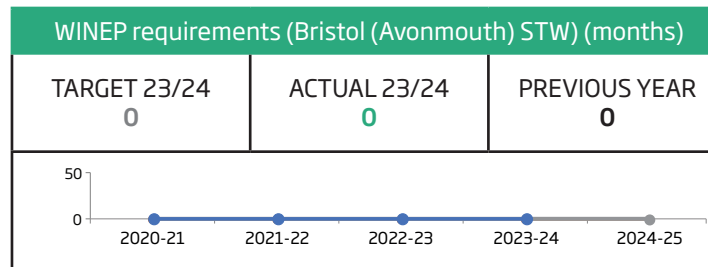
We met all our statutory obligations under the Water Industry National Environment Programme (WINEP).



We also exceeded (170.7km) our cumulative target (167.4km) for the length of river with improved water quality, after delivering a project early.



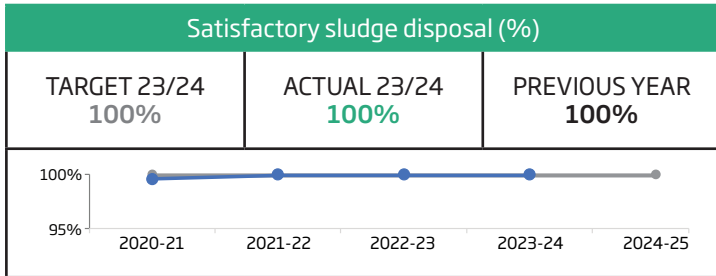
This target relates to the removal of nitrogen and phosphorus.



We are working with local communities to improve the bathing water experience.

This measure relates to a scheme to increase treatment capacity at our largest works in Bristol, which is due to be completed in March 2028. [Bristol's water recycling centre](#) The target is expressed in terms of the number of months the scheme is delayed, where zero indicates no delay. We remain on schedule.

Bioresources

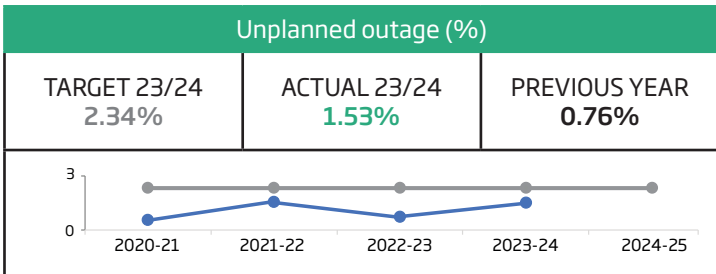


We have maintained our performance on disposal of sludge to land with 100% compliance. However, we continue to expect the availability of the landbank to reduce over the coming years due to changes in environmental regulations and other pressures. As part of our long-term delivery strategy, we are exploring alternative sludge destinations.

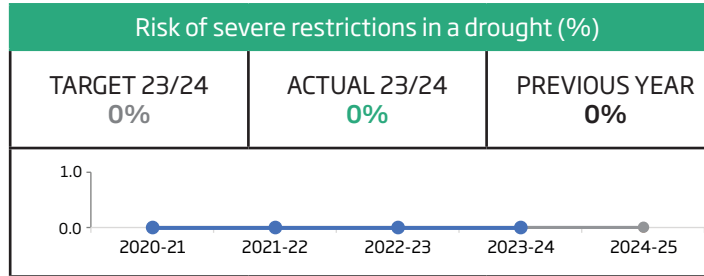
Sustainable abstraction

Water supply

Peak temperatures in 2023 occurred in the middle of June, with a corresponding spike in demand. However, the rest of the summer saw a return to wetter conditions and we comfortably maintained supplies to all customers, avoided any usage restrictions and provided flow support to several vulnerable streams and rivers.

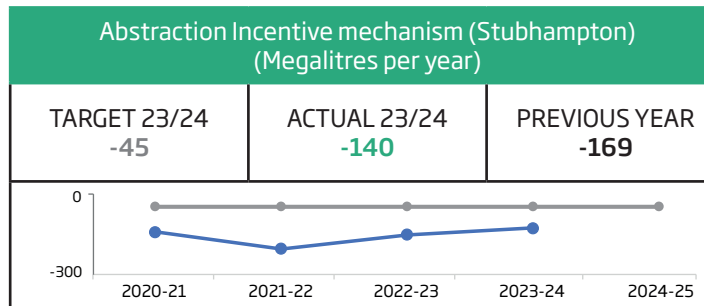
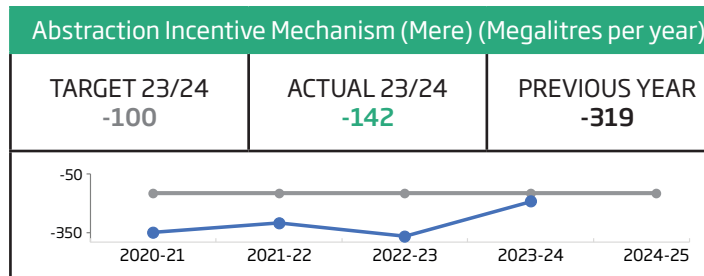


Our unplanned supply interruptions, or 'outages', grew compared to 2022, but remained well within our target.

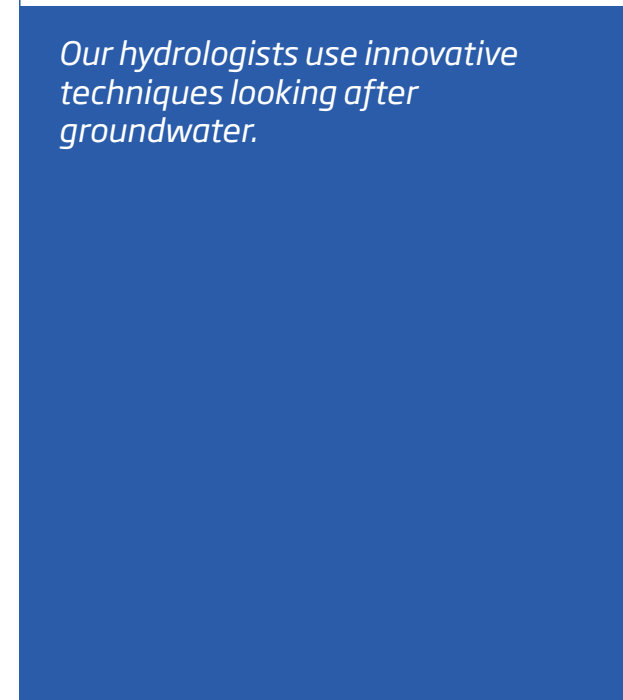


None of the population we serve was at risk of severe restrictions in a drought, consistent with our target.

Heading into summer 2024, we are in a very good position and do not expect to experience water shortages. Groundwater levels have remained above average since April 2023. Reservoir and groundwater recharge was rapid at the end of the summer and by the end of October our reservoirs were full and soil moisture deficit reduced to zero. Groundwater levels peaked in the chalk aquifer during the wettest February on record for more than 100 years. Groundwater levels in the Great Oolite aquifer continue to rise and are well above the long-term average level for this time of year.

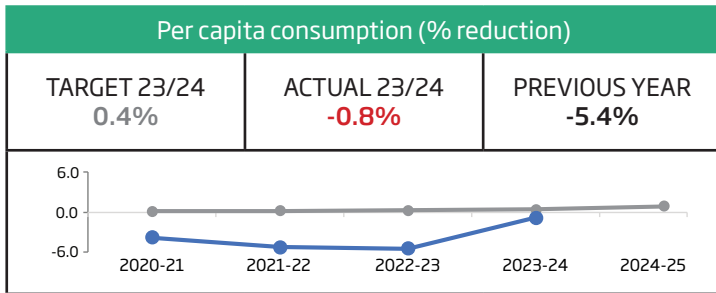


Our hydrologists use innovative techniques looking after groundwater.

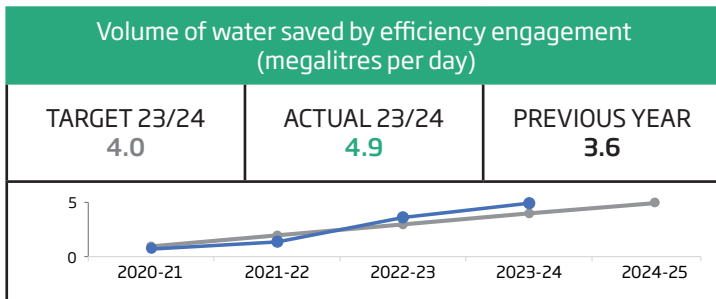


We continued to meet our performance commitments for the abstraction incentive mechanism at both Mere and Stubbampton. Under this mechanism, we are incentivised to voluntarily reduce our abstraction from environmentally sensitive water sources when river flows are low.

Demand management



Overall average in-year per capita consumption was 132.9 litres/person/day in 2023-24, the third consecutive yearly decrease and is now at the lowest level since 2017-18. The Covid-19 pandemic significantly affected household water use in 2020-21 and 2021-22. The three-year average per capita consumption, which still includes part of the Covid-19 pandemic effect and more recently partly offset by reduced energy usage arising from the cost of living crisis, is now just 0.8% higher than the 2019-20 baseline at 138.9 litres/person/day.



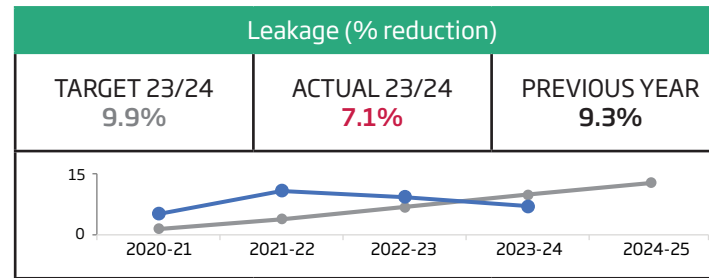
We exceeded our performance commitment target for the volume of water saved through water efficiency activities, delivering savings of 4.9 MI/d compared to an end of year target of 4.0 MI/d.

This year we focused our demand management strategy on the delivery of household (known as Home Check) and non-household visits as they deliver high confidence savings. We visited 4,127 household customers offering advice and water efficient products, and plumbers returned to 794 of these to

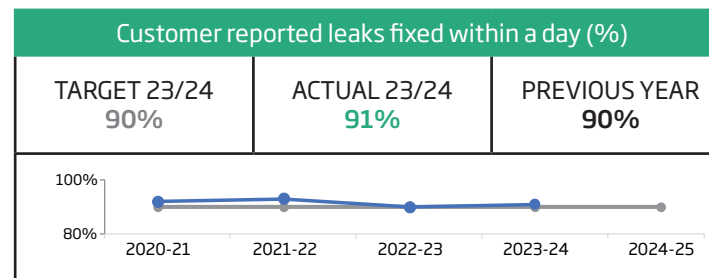
fix leaking toilets and taps. We also visited 121 non-household customers (primarily schools).

Alongside this we continued to run our summer campaign messages and distributed 3,000 free water saving packs and 5,500 water butts. Nearly 6,500 households signed up to use our online GetWaterFit water use calculator and we engaged with over 9,000 school children on water efficiency. We also saw a slightly higher number of people opting to move on to a meter; customers remain motivated to save money and be in control of their utility bills.

Leakage



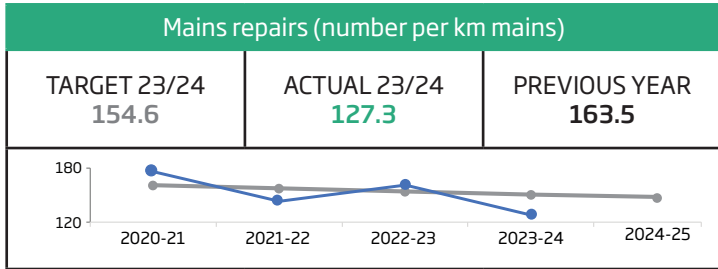
On leakage, we made a significant recovery from 2022, when we struggled with both dry ground during the drought and a winter freeze-thaw event. In 2023, we reduced our annual average level of leakage by 1.4 MI/d. However, the rolling three year average has increased following the significant leakage breakout last year. As a result, the leakage target has not been achieved this year.



We continue to enhance and improve our pressure management and leakage control activities, including installing over 6,000 permanent acoustic loggers on our network to aid and inform leak detection.

We exceeded our target to fix customer reported leaks within a day. This was helped by a 27% reduction in customer reported leaks.





We kept the number of mains repairs needed below our target.

Water resources planning

Following consultation with the public and Defra, we published an ambitious revised draft Water Resources Management Plan in spring 2024. This targets cutting demand sufficiently to reduce abstraction from the environment by 20% by 2037-38 in our most vulnerable catchments, including the Hampshire Avon. We intend to use a combination of water efficiency visits, smart metering and strategies to stem leakage.

We also propose to invest in a number of new supply side schemes, including new transfers to move water to where it is needed in our supply area and beyond. We are collaborating with our neighbouring water companies to develop three strategic regional water resource options, which continue to make progress through the RAPID assessment process:

- Poole water recycling and transfer schemes
- the Cheddar resource and transfer option
- the repurposing of a quarry in the Mendips as a reservoir.

CASE STUDY: REPURPOSING OF A QUARRY IN THE MENDIPS AS A RESERVOIR

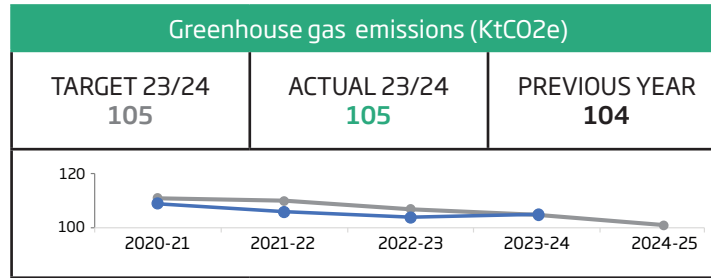
We are working with South West Water on a major and innovative long-term water resource infrastructure project – securing a functioning limestone quarry in the Mendips for repurposing as a reservoir.

The quarry will be worked until 2040, at which point we would start filling it from the River Avon with a working capacity of 28.5M m³. This new source will be treated and transferred to Wessex Water and South West Water (Bournemouth) supply zones to mitigate future deficits identified in our Water Resources Management Plans.

The project has received funding approval until 2028 to develop an outline design ready for progress through the planning process, with a view to starting construction in 2033-34 and being operational by 2042.

Net zero carbon

Emissions and energy performance



We report two sets of greenhouse gas emissions data. For our performance commitment, we use a bespoke method agreed with Ofwat at the 2019 Price Review. For other annual reporting, including the annual performance review, we include a larger inventory of items, in common with other water companies.

Regarding our performance commitment, although our gross greenhouse gas emissions were up slightly on the year at 105 KtCO₂e, due to increased power usage, we met Ofwat's 2023-24 target. We expect emissions to resume its downwards trajectory. A combination of energy efficiency improvements, renewable energy generation and the rapidly falling carbon dioxide intensity of UK grid electricity has led to steadily falling emissions over the last eight years.

Our electricity use, at 268 gigawatt hours, was high in the context of the last five years, in part due to the very wet weather experienced from July onwards. We continue to pursue energy efficiency opportunities to offset rising energy use. This is driven by tighter water and sewage treatment standards and the operation of our regional water supply grid.

This year we generated 17GWh of renewable energy and exported 9 million cubic metres of biomethane to the gas grid, double the volume of natural gas we consumed ourselves.

Decarbonisation plans: 2030 and 2040

In 2019, the water industry collectively committed to achieve net zero operational emissions by 2030. Whilst some companies have backed away from this pledge considering developments since, we remain steadfast in our determination to decarbonise our



One of our largest ever projects... the £100 million expansion of Wessex Water's water recycling centre at Avonmouth.

operations by the end of the decade. Our net zero carbon routemap sets out our plan, [route map to net zero carbon emissions](#) and we also proposed a suite of interventions for 2025-30 in our 2024 periodic review submission.

We continue to pursue well-established methods, including advancing our energy efficiency, increasing our use of renewable energy, decarbonising our fleet and pursuing nature-based in preference to asset-based solutions. We also continue to collaborate with the wider water sector on the thorny problem of combating emissions of methane and nitrous oxide from treatment processes. We have been trialling measurement methods during 2023-24.

By 2040, 10 years ahead of the UK government target, we aim for our entire business to be net zero total carbon. This will include the embodied carbon associated with construction materials, treatment chemicals and other products that we consume. We are adopting tools that provide detailed estimates of the whole life carbon of capital schemes to assist our decision making on the lowest carbon options, including for our business plan for 2025-30.

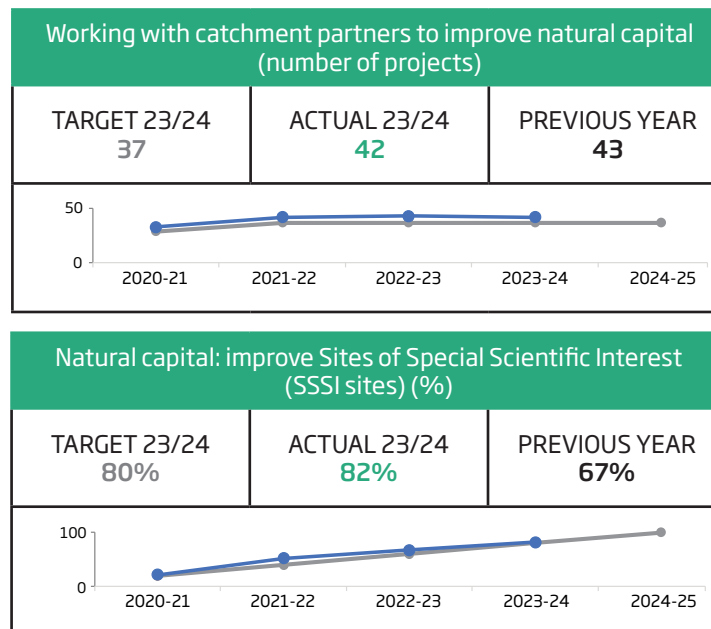
Climate adaptation

We report how we are adapting to climate change under provisions set out in the Climate Change Act. This involves reviewing the risks posed to our services from the changing climate and explaining the measures we are taking to maintain resilience considering these risks. We will publish our fourth climate change adaptation report by the end of 2024.

We are also publishing our third report using the framework of the Taskforce for Climate-related Financial Disclosures in this year's Annual Report and Accounts.

Increased biodiversity

Protected sites



We delivered 82% of actions, against a target of 80%, to improve a number of Sites of Special Scientific Interest (SSSI) in our landholding, as agreed with Natural England. This was a significant increase on last year's 67% of actions.

Of our SSSI landholding, 63% is in favourable condition and 26% is classified as unfavourable - recovering; a total of 89%. Actions agreed with Natural England to address the condition of this SSSI are programmed for 2024-25.



Of our Sites of Special Scientific Interest (SSSI) landholding, 63% is in favourable condition.



CASE STUDY PROTECTING THE RIVER AVON IN BATH

Our £1.3 million project in the east of Bath is helping to safeguard local homes and businesses from flooding by easing pressure on the sewer system.

Understanding the problem

Storm overflows are designed as relief valves to protect homes from flooding if there is too much rainfall in the system, and automatically discharge into watercourses. We are committed to eliminating the discharge of untreated sewage, starting with the storm overflows that discharge most frequently and those that have environmental impact.

The overflow near Bath RFC's rugby ground, just off London Road in Lambridge, was identified as one of the 13 most frequently discharging in our region.

What action did we take?

A new below-ground storm tank, capable of holding 125,000 litres of storm water, has been installed in the car park of Bath RFC's rugby ground at Lambridge. A five-month project, completed in December 2023, the tank will fill when the combined sewer system is under pressure.

It is expected to reduce discharges into the River Avon by up to three-quarters, while preventing flooding of nearby properties.

The tank then gradually returns the water to the sewer system for onward travel to a water recycling centre to be treated and safely returned to the environment.

As well as keeping nearby Lambridge residents informed about this project, we worked closely with Bath RFC to ensure they could still use their rugby ground during the construction work.

How else are we tackling storm overflows?

The project is one of 13 investment schemes we are prioritising between now and 2025 to tackle the overflows in the region that previously discharged most frequently.

We are also tackling storm overflows in other ways, including upgrading sewage treatment to increase capacity at 42 of our water recycling centres, and introducing more nature-based and low-carbon treatment methods such as reedbeds and wetlands.

Increased investigation and monitoring of overflows in the region, as well as an extensive programme of sewer relining to help keep wastewater within the system and prevent infiltration of groundwater that can lead to flooding, is also continuing.



A new below-ground storm tank, capable of holding 125,000 litres of storm water, has been installed in the car park of Bath RFC's rugby ground at Lambridge.

In total, nearly 100 improvement projects relating to the discharge of untreated water are being completed in our region between 2020 and 2025, part of a £3 million a month investment to reduce the number of hours storm overflows operate by around 25%. This case study focuses on one of a number of projects designed to protect the River Avon and neighbouring communities.

However, we are looking to go much further and have unveiled proposals to invest a record £400 million on reducing overflow operation in the next five-year investment period between 2025 and 2030, subject to approval by industry regulators.



CASE STUDY DURLEIGH WATER TREATMENT CENTRE

We have completed a £50 million project at Durleigh water treatment centre to provide an improved water supply to customers in the Bridgwater area.

Refurbishment of the Enmore Road site began in 2019 after more than four years of planning. The project involved reconstructing the old water treatment centre - which treats water from Durleigh Reservoir to the west - to ensure that the highest quality drinking water continues to be delivered to a population of more than 44,000.

Brought into supply in the autumn of 2022, it is the largest single-value project ever delivered by our engineering and sustainable delivery (ESD) team. The three-year rebuild came in on time, despite additional challenges posed by Covid-19.

Why did we carry out the scheme?

The 30-year old site treats up to 30 megalitres a day of water drawn from the reservoir, but had outgrown its design capacity.

Reconstruction was needed to update the water treatment processes and ensure it would continue to meet increasing demands from a rising population, reduce high operating costs and tackle poor raw water quality. There were high levels of algae during the summer and the water was often cloudy and murky in winter - deterioration was evident over the past 20 years.

What improvements did we make?

More than 70% of the old water treatment centre was demolished and recycled, with outdated equipment decommissioned and removed, while the rest of the site was repurposed or refurbished.

Two new wetlands were created upstream from the centre which will improve the quality of water entering the reservoir and enhance wildlife and biodiversity, supporting the work we do with local farmers to reduce pesticides and silt entering Durleigh Brook.

How did we make savings?

By using innovative developments in technology and project delivery, we made sure the scheme's impact on the environment was reduced, as well as saving time, money and materials.

We partnered with infrastructure consulting firm AECOM, which delivered the detailed design. They established that some large structures and tanks could be built offsite and craned into position, saving an estimated 20% of programme time and £1.1 million, as well as reducing construction waste on site by up to 20%.



Aerial view of Durleigh water treatment centre improvements

The success of the Durleigh project has resulted in the creation of a dedicated Wessex Water off-site build department, at which equipment can be designed, manufactured and supplied pre-assembled, reducing labour, our carbon footprint and costs.

Working with the community

Completing such a large reconstruction inevitably affected nearby communities and we worked closely with Durleigh Parish Council to ensure they were kept informed about the progress of the scheme. We marked this close working relationship by donating a £6,000 defibrillator to the village and installing it at the entrance to the refurbished water treatment centre.

Empowering our people

To be a great place to work for all

Individual safety, wellbeing, and

engagement: our colleagues will be safe at work, proud to work for us and fully engaged in their roles.

Skills, knowledge, and opportunity:

our colleagues will have all the skills and knowledge they need to confidently carry out their roles.

Culture, inclusion, and diversity:

we will have an inclusive workforce that reflects the cultures and diversity of the region we serve.



Overview

We could achieve nothing without our people and we do everything in our power to ensure everyone feels valued, welcomed, respected and rewarded. Along with our most important imperative, to ensure our people are safe at work, we are also committed to and are focused on ensuring a Wessex Water culture that supports the diversity and inclusion of all who work at the company.

Along with the wider industry, we have a long way to go to be able to say our team truly reflects the communities we serve, but we are making progress. To supplement our existing programmes on gender, race, sexuality and disability, in 2023 we started measuring how well we are championing social mobility and took steps to support and welcome neurodiversity in the business.

Our executive sponsorship programme for diversity and inclusion has been well received and we are taking simple, practical measures to advance the agenda where we can. One good example is that we changed how we advertise our jobs, to boost accessibility and inclusivity.

More broadly, we significantly expanded our careers team in 2023 and offered more places on more schemes to more people than in 2022. This spanned early careers and career progression. We are acutely aware of the negative public narrative about the wider water sector and recognise the risk this poses for recruitment. We are working to reach out wherever possible to build our workforce as we head towards the next regulatory period.

Three years after the tragic incident at Avonmouth, we continue to develop our process safety capability across all our sites and ensure it is intrinsic to everything we do. We are reassured by evidence that indicates we are building an increasingly mature culture of engagement on safety issues. We recorded a 44% increase in safety observations compared to 2022 and employee engagement increased by 19%. This is producing tangible benefits for us as well as our teams; we had 65% fewer days related to lost time incidents in the year. We also invested in training and systems to support process safety.

Our journey

Empowering our people to bring their whole selves to work and excel is an ongoing priority. We achieve this by:

- keeping everyone informed of our achievements and top priorities through newsletter communications
- delivering a quarterly leadership forum to cascade messages from the top and work together on our challenges and priorities
- ensuring everyone receives regular 'check-ins', where we discuss wellbeing, communicate objectives and provide guidance and support for all
- developing everyone through a range of mandatory and optional training solutions; providing coaching and mentoring; and offering a vast range of apprenticeship opportunities and professional development.



Wessex Water's culture supports the diversity and inclusion of all who work at the company.

Individual safety, wellbeing and engagement

Health and safety - reporting and culture

Performance against the Occupational Health & Safety (OHS) strategy is monitored by our Health and Safety Steering Group and overseen by the Health and Safety Board Committee.

We appointed a process safety director and additional process safety engineers to support our major hazard sites and to further develop our process safety management systems. We continue to provide high levels of training and to ensure our staff are competent in all aspects necessary to keep our facilities operating safely and efficiently.

We have made progress in 2023 to actively encourage safety-related reporting and transparency. We recorded a 44% increase in safety observations compared to 2022 and employee engagement increased by 19%. Our increasingly mature culture of engagement is showing tangible benefits; we lost 65% fewer days related to lost time incidents in the year, reflecting both a smaller number of incidents and reduced severity when incidents occurred.

We have broadened how we use Engage, our dedicated health and safety reporting platform, to also capture human influences relating to behaviours as part of root cause analysis investigations and 'Make It Right' reviews. This is helping us to understand how human factors influence unwanted outcomes.

We have also developed enhanced safety performance reports to meet the specific requirements for each business area, supporting improved safety.

In terms of providing better support for the OHS professionals within our teams, in 2023 we took actions including: providing additional training; redefining some geographic locations to increase efficiency; recruiting OHS apprentices; revising some roles; and unifying accountability between operational and construction activities.

More broadly, we developed a new mandatory 'first day/first week/first month' new starter induction module in our iLearn system and developed health and safety campaigns targeting leading OHS issues as identified by safety data trends. These campaigns involved communicating key messages and

preventative measures across a variety of media and formats to suit all learning preferences.

Organisation and leadership

We completed 3,273 safety audits, an 8% increase compared to 2022.

Among other activities, we revised an OHS framework mechanism for health and safety strategic meetings to improve engagement, support and intervention. We also adapted our OHS practices in line with business restructures, including a 'rebrand' of our health and safety advisers to health and safety partners (HSP) which reflects their role and engagement more appropriately.

Awards and accreditations

We retained both our ISO 45001 certification and our Royal Society for the Prevention of Accidents' President's Award - an award reserved for organisations which have achieved 10 or more consecutive gold awards. This year we were awarded our 12th gold.

Skills, knowledge and opportunity

We have broadened our approach to careers programmes, replacing our former 'early careers' focus with a broader careers focus, delivered by a larger team.

In 2023, we took on 31 graduates (up from 13 in 2022) and 61 apprentices (up from 48) - with apprenticeships now also available to existing members of staff (27 enrolled). We hosted 49 work experience placements and 31 industrial placements (up from 13). We have also employed a 'career inspiration adviser' to go into schools to showcase water sector careers.

Our YTL Wessex Academy, which launched in 2022, had its initial Ofsted monitoring visit. Ofsted reported that we have made "reasonable progress" so far in setting up and delivering the five courses we run.

We also introduced new 'Skills Bootcamps' for our existing staff; 64 people completed three camps covering computer aided design, better information management and change management.



In 2023, we took on 31 graduates and 61 apprentices. Our YTL Wessex Academy, which launched in 2022, had its initial Ofsted monitoring visit.

Culture, inclusion and diversity

We operate an 'everyone belongs' ethos and our vision is that all parts of the Wessex Water Group will:

- celebrate diversity and encourage inclusion
- enable everyone to take ownership and accountability through empowerment
- listen to our people's views, ideas and concerns and act on them
- reject any form of discrimination or bias
- reflect the diversity of the communities we serve.

We work continually to reach and uphold these standards but recognise we have a lot of improvements to make.

In terms of workforce diversity, compared to our peers (as benchmarked against Energy & Utility Skills data) we outperform on LGBTQ+ representation and meet averages regarding disability, but underperform on both ethnicity and gender. We also appreciate we need to go well beyond utility sector averages as regards all characteristics.

We continue to work to that end. In 2023, in addition to our existing Race at Work group and Disability Working Group - both of which have developed action plans that we are implementing - we worked on supporting neurodiverse employees and attracting neurodiverse talent, as well as focusing for the first time on social mobility. We have developed three metrics to boost opportunities for employees from disadvantaged postcode areas: the number of people recruited; the number of promotions; and the number who complete Level 5, 6 or 7 qualifications each year.

As well as formal activities, we are working to develop a more inclusive atmosphere where everyone feels welcome. For instance, in March we invited our people to attend a dinner to learn more about Ramadan and partake in Iftar, the meal Muslims eat at sunset every day during the holy month to break the fast.

Meanwhile, the activities of many of our existing internal networks made progress. For instance, our Menopause Network grew from its launch in 2022 and our ARC Alliance developed LGBTQ+ awareness material for employees and managers.

More generally, we hosted a successful Culture, Inclusion and Diversity (CID) Week in September 2023; provided CID awareness training to 659 colleagues; changed our job adverts to improve

inclusivity and accessibility; and continued with our programme of executive level sponsorship for each of the main characteristics to demonstrate leadership commitment to improving diversity and inclusion.

Looking to 2024, our CID Working Group will review our CID awareness sessions and update the content, including social mobility topics.

We will continue to use Energy & Utility Skills data to inform our initiatives and are developing an internal communications plan to keep colleagues informed on progress in this important area. We want to encourage staff to share sensitive data so our activities are well informed.

We also have a number of important gender-related initiatives in the pipeline for 2024. We have launched a Women's Network across the Group to help attract, develop and retain female colleagues and we plan to join the wider sector's Women's Utility Network to gain access to more resources and ideas.

CASE STUDY: IRECRUIT

During 2023, we launched a new recruitment platform and rebuilt our careers pages to showcase our diverse range of opportunities to communities. This has enabled us to provide our applicants with a more engaging 'one-click' journey when applying for jobs with us and enabled them to track their progress through their own careers portal. They can also view opportunities right across the UK group of companies.

Our hiring managers can easily navigate their recruitment campaigns, accessing talent through their mobile devices and responding to applicants swiftly to keep them engaged. Our in-house recruitment team can analyse where applicants come from and tailor campaigns according to the most effective method.

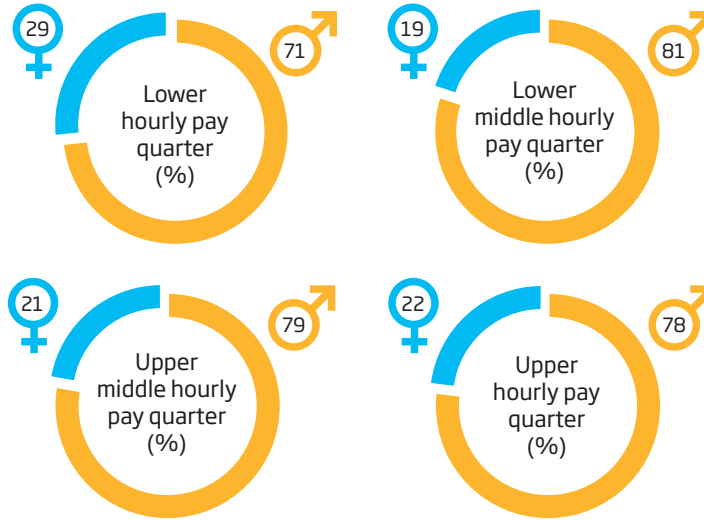
Since launching this new system in October 2023, we have seen a significant improvement in the quality of talent, reduced our time to hire by up to four weeks, improved both applicant and management engagement and reduced expenditure on both the use of recruitment agencies and non-effective advertising channels.



Gender pay gap

The gender pay gap is the difference in average hourly pay received by men and women. It is distinct from equal pay, which is the right for men and women to be paid the same rate of pay for doing work that is of equal value.

Gender pay data	Gap	ONS 1 Dec 2023
Mean	1.74%	13.2%
Median	3.29%	14.3%
Salary quartile	Male	Female
1st Quartile	70.73%	29.27%
2nd Quartile	81.06%	18.94%
3rd Quartile	78.51%	21.49%
4th Quartile	78.18%	21.82%



The data above represents our gender pay gap figures as at 5 April 2024. Our gap is well below the national median and we continuously work to close it further.

The distribution of men  and women  in salary quartiles is shown opposite.

We have a robust job evaluation process and operate a framework of grades and pay ranges within each grade. We remain confident our approach to pay is not influenced by gender.



Our gender pay gap is well below the national median and we continuously work to close it further.

Financing the future

To be a trusted, financially strong company with fair investor returns

Market-led outcomes: we will harness the power of markets to drive the most efficient solutions.

Resilient financial stewardship: we will demonstrate long-term financial stability.

Well managed, open, ethical and transparent: we will prove that we are honest and ethical in the way we conduct our business.



Overview

Although inflation has fallen throughout the year, we continued to feel its impact through higher energy and payroll costs and raised interest rates. This affected our financial performance in the year. However, our liquidity remains healthy and combined with YTL Group's continued investment, our financial foundations remain strong, allowing us to invest for the future. In fact, we boosted our capital investment by over 40% in 2023.

Seeking alternative approaches to traditional capital investment will be more important than ever as we transition into the next price review period. We are proposing to double our current level of investment and will have new obligations to deliver, including ambitious phosphorus reduction targets. The step change in investment brings with it delivery challenges. We are now planning the scale-up of our delivery capability. These changes take place against a backdrop of growing risk and in part contribute to it. We remain vigilant and responsive to identifying, communicating and managing material business risks.

The Wessex Water Marketplace - a platform through which we share our challenges and data with the open market and invite others to compete to help us deliver solutions - celebrated its fifth anniversary in the year. We have seen some real benefits from the approach, including this year implementing an AI-enabled CCTV solution that means we can survey twice as much sewer length in any given time. The Marketplace and our other ongoing activities such as our expanding use of nutrient markets, demonstrates our commitment to competition, facilitating new ideas and working collaboratively on innovative solutions.

In this way, we seek to drive down costs, protect our assets, reduce our carbon footprint and ensure business resilience. We were awarded strong scores on our environmental, social and governance practices from two external assessors this year: Sustainalytics and Sustainable Fitch.

We also published our first Sustainable Finance Allocation and Impact Report, which provides information for investors on the allocation of our inaugural £300m sustainability bond which was issued in March 2023.

Our journey

We always aim to exhibit exemplary governance, transparency, accountability, efficiency and financial resilience. YTL has now owned Wessex Water for over 20 years, making it one of the longest single owners of a UK water and sewerage company. We have a simple financial structure and do not engage in any aggressive or artificial tax planning.

YTL stands ready to invest into Wessex Water, for a fair return, to help finance the much enlarged investment programme. Building on this, in our strategic direction statement to 2050 we have committed to:

- being the most efficient water company in the industry - harnessing the power of markets and real competition and championing an outcomes-based approach to regulation where efficiency can be maximised through flexibility and choice
- maintaining a solid investment grade credit rating and being well-regarded by financial stakeholders
- delivering for wider society and the environment through sustainable financing, measured using ESG metrics.

Our Sustainable Financing Framework is now in place, providing opportunities for investors to ally with us in delivering tangible environmental and social benefits.



Resilient financial stewardship

Overall performance

We recorded a loss in the year, driven by high operating and interest costs, partly offset by higher prices allowed by Ofwat from April 2023.

The higher operating costs related principally to exposure to energy market prices, new obligations and other inflationary pressures. The increase in interest costs related to the indexation features to the indexation of our bond portfolio in particular.

We successfully placed £200m of private financing in October 2023.

Financing charges

Net interest charges increased by £41.5m from £140.2m last year to £181.7m this year. The increase arose as the high inflation impact on index-linked borrowings combined with an overall increase in net debt during the year from £2,622.2m to £2,963.4m. There remains a prudent mix of debt instruments and at the year-end, the split was 55% fixed, 31% index linked and 14% floating, with the index-linked debt based on November and March RPI. The maturity of debt is split approximately 50% medium term (pre-2035) and 50% longer-term (post-2035).

Taxation

Our tax strategy remains consistent with previous years and is fully aligned with the company's overall objectives. We continue to comply with the spirit and letter of UK tax legislation and do not engage in any artificial or aggressive tax planning.

The corporation tax credit was £1.6m, a reduction of £6.2m compared to £7.8m last year. Deferred tax decreased from a credit of £10.0m last year to a credit of £8.6m this year.

Cash flow and gearing

Gearing remained consistent with our target solid investment grade credit rating. Net debt increased by £341.2m from £2,622.2m to £2,963.4m. The cash inflow from operations of £261.6m was reduced by net capital investment of £355.1m, interest and tax payments of £82.5m, dividend payments of £66.5m and working capital outflows of £98.7m. Liquidity at year end was £605.8m, comprising cash held on deposit, bank facilities not yet drawn down and bank overdrafts.

Regulatory capital value increased by £229m from £4,076m to £4,305m.

Dividends

We take a careful and sustainable approach to dividends in keeping with the long-term commitments that have always characterised YTL's ownership.

For the 2024 financial year the Board considered a number of factors prior to approval of dividends including performance for customers and the environment, financing out-performance, and the ability to maintain financial resilience in line with the review of long-term viability.

Performance highlights for 2024 included the company looking set to return to four-star for the EA's Environmental Performance Assessment (EPA), being the highest ranked water and sewerage company for Ofwat's customer measure of experience (C-Mex) and potential best in industry performance under the DWI's Compliance Risk Index (CRI) measure. The company also increased asset investment in the year by over 40% to its highest level since privatisation.

During the year we declared dividends of £66.5m representing a yield of 5.0% on the company's regulatory equity.

Capital investment

Capital investment increased by 44% year on year, to £421.1m, driven by the profiling of the WINEP delivery programme, the impact of delays to work arising from the Covid-19 period, strategic maintenance projects and increased cost of inputs to construction.

Market-led outcomes

We continue to champion the value of markets. We believe competition brings efficiency and innovation and we pursue these benefits in all elements of our business where we can.

Nutrient markets

We are still promoting and developing the use of alternative routes to nutrient removal, favouring working with farmers and local landowners through market mechanisms to secure environment-based solutions over expensive and chemical/carbon intensive built asset solutions. In 2023, we expanded our phosphorus removal work in the Parrett and Tone catchments in Somerset and the Stour catchment in Dorset. This catchment delivery work will be will ramp up further in the coming years, as an alternative to and in combination with built asset solutions to achieve our phosphorus reduction targets. Through this approach, we have proved we can reduce the nutrient impact on the environment, but in addition secure benefits such as carbon reduction, enhanced biodiversity and cost savings for customers.

Wessex Water Marketplace

This year marks five years of the Wessex Water Marketplace, a platform through which we share our challenges and associated data and throw it open to the competitive market to put forward ideas. We believe the approach enables us to deliver more effectively and efficiently. In fact, the Marketplace is the hub for our collaborative 'whole system' approach, which is about:

- enabling and championing new ideas – both from our traditional supply chain and beyond
- being open-minded about who is best placed to deliver a solution
- collaborating to find best and lowest cost options – these may even address more than one issue at once.

During the year, we trialled the sewer level monitors identified in our 2022 'sewer network monitoring' challenge. This sought ideas for low cost in-sewer monitors, to expand the

data we collect on our network and ultimately to help us improve our performance on pollutions and sewer flooding. The learnings from the trial are informing our strategy and procurement in this area.

One of our key successes this year has been embedding a solution identified through the Marketplace: an AI tool, procured following our 'sewer CCTV survey' challenge. This has on average doubled the total sewer length that a crew can survey in a day. Read more in the case study, Auto-logging sewer defects with AI.

Making data open and available to use is a key part of our Marketplace 'whole systems' approach. We are using our experience in this area to play an active role in the water industry's Stream initiative to make innovative and collaborative progress on open data. We published our open data strategy which is supported by an executive open data champion. The strategy sets out how we will be more transparent on reporting performance and how we will develop our approach to open data.

CASE STUDY: AUTO-LOGGING SEWER DEFECTS WITH AI

Every year we capture CCTV footage of hundreds of kilometres of sewers in order to assess their condition and target investment. Traditionally this is carried out in a live environment and defects are logged as they are seen. In 2019, we launched a Marketplace challenge to find out whether we could use artificial intelligence (AI) tools to produce a log of defects from the CCTV footage.

Following several stages of review and trial, in April 2023 we signed a contract with AI firm Molfar. We use their tool for most of our proactive condition CCTV surveys - more than 100km so far. We simply 'drive' the robotic camera through the sewer, then Molfar's tool produces a log of defects from the video footage. This allows the CCTV crew to use their time more efficiently - on average doubling the total length of sewer that can be surveyed in a day.

This has enabled significant expansion of our proactive survey programme, allowing more sewer inspections each year. This provides better evidence for the prioritisation our future investment and allows us to identify developing issues earlier. We can then intervene to safeguard customers and the environment.

Seeking alternative approaches is more important than ever as we transition into the next price review period, when we are proposing to double our current level of investment. We are working closely with our procurement teams to consider which areas might benefit from running a Marketplace challenge.

Bid Assessment Framework

In accordance with Ofwat expectations, we maintain bid assessment frameworks for water resources and bioresources. These are published on our Marketplace website. These set out the criteria we use when considering third-party solutions in these areas. However, we received no approaches under these frameworks in 2023.

Well managed, open, ethical and transparent

Environmental and social governance

We actively engage with our customers and stakeholders to ensure that we meet their expectations. Sound ethics and culture continue to be at the heart of our operations, driving environmental, social and governance policy commitments from the highest level through to business operations.

The standards of governance and behaviour we expect are communicated through policies and reinforced by training - for instance on financial crime, bribery, corruption and modern slavery. All employees are expected to commit to the highest standards of professional and ethical conduct and are asked to certify compliance with key policies on an annual basis.

Employees have access to a free confidential reporting helpline on a 24-hour, 7 day-a-week basis and are encouraged to raise any concerns. All concerns raised are treated on a strictly confidential basis and are reported to the Audit and Risk Committee. More generally, our Board monitors and assesses the values and culture of the business to satisfy itself that behaviours are aligned to our purpose and values on an ongoing basis.

We have demonstrated over many years the importance that we place on safeguarding the environment, our people and the communities that we serve, playing a key role in protecting customer health and wellbeing, supporting business and safeguarding the natural environment. Our provision of essential water and wastewater services creates a strong relationship



between the company, our customers, the environment and our broader stakeholders. This means the long-term strength of the company is closely linked to our ability to operate sustainably to best serve our stakeholders.

Sustainable Finance Framework

Our Sustainable Finance Framework, which supports our financing ambitions to deliver tangible environmental and social benefits, was originally published in September 2022 and has recently been refreshed to incorporate latest practice. The framework aligns our purpose – to support our customers’ health and wellbeing, and enhance the environment and the diverse communities we serve – and our business plan commitments to our financing ambitions through the use of targeted financing.

Under the framework, we may issue specific debt instruments to support our environmental and social objectives, enabling investors to participate in the provision of a sustainable future.

We need certainty to remain attractive for private investment and to plan for the future.

We will continue to ensure customers’ bills are affordable whilst investing in our infrastructure, protecting the environment and innovating to find the best, cost-effective solutions.

Our commitment to delivering a better future will allow our investors to participate in funding our provision of water and wastewater services on a sustainable basis, helping to contribute to global climate change targets and the United Nations’ Sustainable Development Goals.

We will make sure that where we can, we implement nature-based solutions and explore new ways to drive down costs, protect our assets, reduce our carbon footprint and ensure business resilience.

We will continue to drive performance across the company so we can secure future investment as efficiently as possible.

Environmental, social and governance score

In June 2022, Sustainalytics provided our first ESG rating: a low-risk score of 18.5. In October 2023, following Sustainalytics’ annual review, our score improved to 16.8 low-risk. This was a result of demonstrating improvements in policy and publicly available information.

To further validate our ESG position, in February 2024 Sustainable Fitch assigned us an ESG Entity Rating of ‘2’ (good ESG profile) and an entity score of 73 (higher is better). Fitch’s summary stated: “The rating reflects Wessex Water’s overall strong ESG profile and the broadly positive environmental and social impact of its business activities.”





CASE STUDY SUSTAINABLE FINANCE ALLOCATION AND IMPACT REPORT

In March 2024 we published our first Sustainable Finance Allocation and Impact Report, providing information for investors to monitor the allocation of our inaugural £300m sustainability bond, issued in March 2023. More widely, it sets out how sustainable financing supports the delivery of our environmental and sustainability goals.

The report highlights the impact that our business activities and investments have on the environment and communities we serve. It demonstrates our contribution to the region and how we are guided by our purpose: through water, we support our customers' health and wellbeing and enhance the environment and the diverse communities we serve.

These are challenging times for the water sector. The need for environmental performance and resilience is increasing as cost-of-living pressures continue to squeeze household budgets. Meanwhile, global warming is associated with more extreme weather and, in the UK, will lead to drier summers and wetter winters. It is essential that we provide resilient water and wastewater services throughout these changes.

We understand the increased scrutiny of our actions and this report highlights the steps we have already taken and the ones we intend to take to improve our environmental and social footprint across the region we serve.

Our actions support our belief that water should always be affordable for all customers, and nobody should have their water use rationed by their ability to pay. We are targeting zero water poverty by 2030, based on the government's definition of no one spending more than 5% of their disposable income on our services.

Over the last 22 years, YTL's sole ownership of Wessex Water has provided a strong foundation for us to meet these challenges. We have proposed a significant increase in investment during 2025-30. This will underpin our ability to improve river health, deliver further environmental improvements, respond to the growing impact of climate change, reduce our carbon footprint and deliver our customers' other priorities.



Risk management

The effective management of risk continues to be central to our success. This is always true, but particularly now when many risks are increasing, including those relating to policy, regulation, reputation, climate volatility and delivery.

We have a robust risk management framework in place to proactively identify, manage and communicate material risks to the business. These are defined as any risk that could have a material impact on the capability of the business to perform its function.

The corporate risk register includes strategic, compliance, operational and financial risks, specifically including health and safety and climate change related risks. Identification and management of risk is delivered through a hierarchy of risk management reviews from operational colleagues, senior management and executive directors.

The Risk Management Group, comprising senior managers, maintains and reviews all corporate risks. This group meets quarterly and scrutinises and challenges the risks included in the register and identifies any additional work necessary to better classify risks or explore other available mitigation controls.

The Risk Management Group submits a report to the Executive Leadership Team, chaired by the Chief Executive, every six months. Any significant emergent risks are reported to the Executive Leadership Team and Board as they arise.

Our policy on risk assessment and management is subject to regular review by the Board. To assist it in discharging its responsibilities, the Audit and Risk Committee reviews the company's internal control systems and processes for managing risk.

The Board takes an active role in strategic risk assessment in relation to the principal risks. The Chief Finance Officer submits a bi-annual risk review paper to the Board. This paper details the risk review process, identifies the current principal risks to the business and the mitigation measures in place. It also records the status of emerging risks that have been identified. The Board reviews and holds ultimate responsibility for the risk process and agrees the definition of risk appetite and tolerance that is then applied throughout the business.

The table on the following page shows our principal risks: strategic, compliance, operational and financial. We have provided detailed information on each principal risk in our annual report and accounts, alongside the financial viability statement. This includes a statement on the context, risk appetite and the mitigation in place to address each risk.

Principal risk - strategic	Risk type	Description	Risk exposure
Reputation and positioning	Strategic	National or regional issues that impact the perception of the business.	Increasing
Political action	Strategic	Actions taken by government that fundamentally change our operating environment affecting the business and/or cash flows.	Increasing
Regulatory action	Strategic	Actions taken by regulators that fundamentally change our operating environment affecting the business and/or cash flows.	Increasing
Environment and public value	Strategic	The expectation on the business to create value beyond a focus on short term performance.	Increasing
Climate volatility	Strategic	The need to adapt to changing climate and weather patterns.	Increasing
Principal risk - compliance, financial and operational	Risk type	Description	Risk exposure
Environmental harm	Operational, Compliance	Acute (e.g. serious pollutions) or chronic harm to the natural environment as a result of activities conducted by or on behalf of the company.	Increasing
Supply chain resilience	Operational, Compliance	Resource scarcity or disruptions to supply chains which prevent the procurement of products or services at the expected cost, availability or quality.	Increasing
Secure sites, systems, and operations	Operational, Compliance	An internal or external threat actor initiates a security incident that: renders the business unable to deliver the supply of safe drinking water and the management of waste; results in breaches of data protection or other laws; or impacts critical activities such as regulatory and financial reporting.	Increasing
Health and safety	Operational, Compliance	Failure of operational controls or an external hazard that affects the health and safety of employees, contractors or the public.	Unchanged
Uninformed action	Operational	Inadequate information (e.g. poor asset data) resulting in sub-optimal decision-making, unsatisfactory day to day business operation/ performance and/or an increase in cost and risk.	Unchanged
Resources and skills	Operational, Compliance	Failure to have the right resources with the right skills in the right place will have an impact on our ability to operate effectively and deliver our strategic objectives.	Increasing
Governance and ethics	Compliance	Non-compliance with our own values, behaviours and standards, or with statutory and regulatory obligations, either unintentionally, intentionally or maliciously (e.g. insider threat).	Unchanged
Supply of unfit or insufficient water	Operational, Compliance	Inability to provide a reliable source of water to customers when they need it in line with quality standards.	Unchanged
Financial viability	Financial	Inability to raise finance at appropriate levels and/or manage cash/gearing to maintain financial viability and provide a fair return on investment.	Increasing

Our board of directors

Our Board of directors plays a key role in the running of Wessex Water Services Ltd. It has responsibility for providing leadership, setting strategy, reviewing management performance, ensuring we have the financial and human resources needed to achieve our objectives and ensuring that the company meets its obligations to stakeholders and shareholders.

Our Board includes five independent non-executive directors who are appointed from diverse backgrounds, each bringing a breadth and depth of experience to the Board and contributing to strong Board leadership and governance.

You can find more details about the Board members on our website, [Meet our Board](#) and in our Annual Report and Accounts.

On 26 June 2024, the Audit and Risk Committee considered this annual review summary and recommended its approval to the Board. It was approved by the Board on 8 July 2024.

On behalf of the Wessex Water Board, we confirm that we approve this annual review summary and are satisfied that it is accurate in all material respects.



Tan Sri (Sir) Francis Yeoh KBE
Chairman



Colin Skellett
Chief Executive



Jim McKenna
Senior Independent
Non-Executive Director



Kate Mingay
Independent Non-Executive Director,
Audit and Risk Committee Chair

The other documents we publish are:

Annual report and accounts

Our statutory year end is 30 June, which is reflected in our latest annual report and financial statements filed at Companies House. Our annual report and accounts, also known as the non-statutory financial accounts, are prepared for the financial year to 31 March.

Annual performance report

This reconciles the non-statutory financial accounts with the regulatory accounting statements required by Ofwat. The report also gives detailed information on expenditure, costs and performance, including in relation to our outcomes and performance commitments.

All these documents are available on our website: wessexwater.co.uk

You can compare our performance against other water companies at www.discoverwater.co.uk

Income statement

For the year ended 31 March 2024

	2024 £m	2023 £m
Revenue	574.4	530.5
Charge for bad and doubtful debts	(18.4)	(12.1)
Other operating costs	(422.2)	(412.1)
Total operating costs	(440.6)	(424.2)
Other operating income	4.7	5.0
Operating profit	138.5	111.3
Financial income	8.1	0.4
Financial expenses	(189.8)	(140.6)
Net financing expense	(181.7)	(140.2)
Loss before tax	(43.2)	(28.9)
Taxation	10.2	17.8
Loss for the year	(33.0)	(11.1)

Statement of financial position

At 31 March 2024

	2024 £m	2023 £m
Non-current assets		
Property, plant and equipment	4,414.4	4,143.2
Intangible assets	46.2	50.3
Investments in subsidiaries	-	-
Retirement benefit assets	6.7	-
Total non-current assets	4,467.3	4,193.5
Current assets		
Inventories	7.0	6.3
Trade & other receivables	203.1	196.2
Corporation tax receivable	0.9	7.0
Other financial assets	-	130.0
Cash and cash equivalents	5.8	164.5
Total current assets	216.8	504.0
Total assets	4,684.1	4,697.5
Current liabilities		
Other interest-bearing loans and borrowings	(66.2)	(208.9)
Trade & other payables	(272.4)	(225.6)
Provisions	(1.2)	(1.9)
Total current liabilities	(339.8)	(436.4)
Non-current liabilities		
Other interest-bearing loans and borrowings	(2,903.0)	(2,707.8)
Contract liabilities	(5.7)	(5.6)
Retirement benefit deficit	(0.7)	(17.0)
Deferred grants and contributions	(322.2)	(315.0)
Deferred tax liabilities	(571.9)	(579.2)
Total non-current liabilities	(3,803.5)	(3,624.6)
Total liabilities	(4,143.3)	(4,061.0)
Net assets	540.8	636.5
Equity		
Share capital	-	-
Retained earnings	540.8	636.5
Total equity	540.8	636.5

Statement of cash flows

For the year ended 31 March 2024

	2024 £m	2023 £m
Cash flows from operating activities		
Loss for the year	(33.0)	(11.1)
Adjustments for: Depreciation, amortisation and impairment	123.1	140.6
Financial income	8.1	(0.4)
Financial expense	189.8	140.6
Taxation	(10.2)	(17.8)
Sub total	261.6	251.9
(Increase) in trade and other receivables	(6.9)	(21.3)
(Increase) in inventories	(0.7)	(1.5)
Increase in trade and other payables	22.5	38.2
(Decrease) in provisions and employee benefits	(18.7)	(16.7)
Sub total	(3.8)	(1.3)
Tax received	7.7	11.1
Net cash from operating activities	265.5	261.7
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	2.2	2.1
Interest received	8.1	0.4
Acquisition of property, plant and equipment	(353.9)	(251.8)
Acquisition of intangible assets	(8.8)	(10.7)
Purchase of financial instruments	-	(130.0)
Sale of financial instruments	130.0	-
Proceeds from infrastructure charges and capital contributions	5.4	5.8
Net cash from investing activities	(217.0)	(384.2)
Cash flows from financing activities		
Proceeds from new borrowings	232.5	522.0
Interest paid	(98.3)	(68.1)
Repayment of borrowings	(274.5)	(100.9)
Payment of lease liabilities	(0.4)	(0.2)
Dividends paid	(66.5)	(69.9)
Net cash from financing activities	(207.2)	282.9
Cash and cash equivalents		
(Decrease)/increase in cash and cash equivalents	(158.7)	160.4
Cash and cash equivalents at 1 April	164.5	4.1
Cash and cash equivalents at 31 March	5.8	164.5



Wessex Water
YTL GROUP

FOR YOU. FOR LIFE.