



Southern Water's investment plans

We recently announced additional equity investment of £1 billion into Southern Water and its group by funds managed by Macquarie Asset Management. This gives the investment we secured as part of Ofwat's 2019 financial determination a vital £230 million boost, bringing our overall investment for 2020-25 to around £3.8 billion. We're also accelerating £60 million of spend from future years into this year. This new and accelerated investment will support the overhaul of our business, ensuring we are better financed to deliver the improvements our customers and the environment deserve.

Wastewater services

Our 2020-25 business plan includes challenging targets to meet. We're working hard to ensure our performance is where we want it to be. Pollution continues to be our biggest challenge, but our efforts over the past few years are delivering positive results. We're leading the industry on self-reporting pollution incidents and making good progress towards our target to reduce pollution incidents by 80 per cent (compared with 2019 pollution incidents) over the next four years. We believe we can achieve a similar reduction in storm releases by 2030. Our Pollution Incident Reduction Plan is supported by an £83 million investment programme to reduce risks and significantly increase monitoring of our networks across the region. This includes £60 million on strategic projects to deliver improvements in network digitisation, logistics and asset maintenance. This investment will also support a reduction in internal sewer flooding by 15% and external flooding by 30% by 2025, and lay the ground to make flooding from sewers the exception by 2040.

Catering for growth

The South East has one of the highest levels of housing growth in the country. We're investing a further £207 million to provide increased capacity and new infrastructure for over 100,000 new homes. We're also working collaboratively with partners to adopt more environmentally sustainable approaches that reduce the volume of surface water in our network and make the most of existing sewer capacity. For example, in Deal and Dover in Kent, we're forming a multi-agency task force to evaluate local flooding mechanisms and co-develop drainage solutions which manage surface water in the wider catchment.

Water supply

We operate in an area of water scarcity. Driving down leakage and water demand are critical to a long-term, sustainable supply of water for our customers. We're investing £140 million in teams and technology used to detect leaks, helping us reduce leakage by 15% by 2025, 40% by 2040 and 50% by 2050. This includes recruitment of more technical experts for our find and fix teams, and the roll out of advanced pressure management and acoustic logging sensors. These sensors can quickly detect possible leaks, enabling rapid response from our teams on the ground. We're also investing £16 million in strategic projects to improve network digitisation, analytics and monitoring on the water supply side of the business.

The Covid-19 pandemic created significant challenges for our water efficiency activity, both in terms of our ability to engage directly with customers and increased water usage in customers' homes. Our redesigned programme includes £15 million investment on targeted campaigns, virtual home visits, installation of water-efficient products and partnerships with schools and local authorities. This will significantly reduce water demand across our region. We have an ambitious target to reduce consumption to 128.1 litres per person per day by 2025 and 100 litres per day by 2040 (the industry average is 142 litres per person per day).

We're also investing £147 million in new resilient water supplies including the Havant Thicket reservoir (with Portsmouth Water), water re-use and water transfer schemes. In February, we signed an 80-year bulk supply agreement with Portsmouth Water, under which it will supply 21 million litres of water per day to Southern Water.

Environmental improvements

Our environment programme is our most ambitious to date. We're investing £517 million to improve 7 bathing waters¹ and 537km of rivers. This includes investigations, monitoring, options appraisals, river restoration schemes and a projects to reduce the amount of pollutants entering the water environment.

¹ We will select 7 of the following 9 bathing waters: Sussex: Felpham, Lancing Beach Green, Hastings Pelham Beach, Pevensey Bay. Kent: Broadstairs, Viking Bay; Littlestone, Ramsgate Sands. Isle of Wight: Gurnard, Seagrove

Our work on the Upper Anton in Andover is a great example of an ambitious, collaborative project which will improve the quality of a precious Chalk Stream through channel deepening, shading removal and weir alterations.

Our region includes 700 miles of coastline which plays an important part in many of the lives of our customers and the local economy. We're committed to protecting these coastal waters to ensure they are of the highest quality. Sixty two bathing waters out of eighty three in our region are categorised as 'excellent' with none categorised as 'poor' (2019 data). Our £5 million bathing water enhancement programme includes work with local authorities and other key partners to investigate key sources of pollution and collaborate with those who have the power to fix them.

Our £32 million Catchment First programme is delivering industry-leading work on risks to water sources and developing nature-based solutions which protect water sources, reduce our carbon impact, improve biodiversity and reduce flood risks. Our approach involves working in partnership with farmers and other catchment stakeholders to reduce the use of nitrate and pesticides and promote best practice to protect and improve river and groundwater quality. We also have a £5 million environment fund for several collaborative projects being delivered in partnership with the Rivers Trusts, Wildlife Trusts and other catchment stakeholders. These projects span our water supply area.

Net zero

The climate emergency represents a huge challenge for the water sector, the environment and the regional economy. As part of our environmental ambition, we're aiming to reach net zero carbon emissions by 2030. We recently published our net zero plan which includes pledges on green energy, renewable energy generation and changes to our fleet of vehicles.

Future performance

We need to continue to improve and have a clear vision for the future: we want to create a resilient water future for the South East. We're transforming our operational performance and need to demonstrate to our customers, stakeholders and regulators that they can have confidence in our ability to deliver. This is critical to the long-term success of our business and vitally important for the health of our precious rivers, coastal waters and wildlife.

Local investment

The plan includes £335 million of investment across our network in Kent, which includes £21 million investment at Swalecliffe Wastewater Treatment Works to increase resilience, improve the screening and treatment of wastewater and renew the existing short sea outfall pipe. Investments at our water supply sites in Wingham and Burham will be in the region of £42 million to ensure a resilient supply of high quality drinking water. 'Pathfinder Project' in Margate and Deal will be running throughout this investment period to look closely at surface water and sewer separation to reduce the amount of non-sewage flows in our network.