

# Our business plan for 2015-20

## Stakeholder consultation

We are making some important decisions about  
the future of your water and wastewater services.  
Please tell us how you would like to be involved.

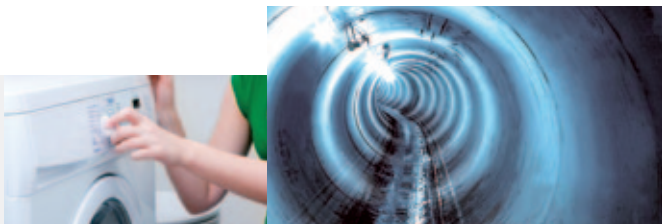


## Your views

Water touches all of our lives, every hour of every day. We need it, but do not want to worry about it.

At Severn Trent our dedicated people work hard to keep it that way, providing value for money for our customers, a healthy environment, and a reliable return for our investors.

Your views are important to us to ensure that in developing our future plans, we balance the interests of all of our stakeholders.



## Your views

### £1.3 million of investment every day

During 2010-15 (the period of our current business plan), we are investing around £1.3 million a day in our services right across our region.

This investment will help us to improve the service we deliver to our customers, make our infrastructure more resilient and help to protect the natural environment.

### Help us to shape how we invest over the next five years

We are about to begin a three-year process to develop a new business plan for 2015-20. The decisions we make will affect the service you receive, the price you pay, and the environment in which you live.

**We would like your help in shaping them.**

### This consultation seeks your responses to the following questions:

Q1.

**What issues are important to you?**

Q2.

**How would you like to be involved?**

Q3.

**What else is important to you?**

You can find out more information on these questions on page 9.

The insights we gain will help us to design a framework for engagement with our customers and stakeholders ready for implementation in Spring 2012.

### How to respond:

We welcome your views on the questions raised in this consultation by **26 January 2012**. Please respond in the form most convenient for you.

You can respond:



Online:

[online survey  
www.stwater.co.uk/  
futureconsultation](http://www.stwater.co.uk/futureconsultation)



By e-mail:

[future.consultation  
@severntrent.co.uk](mailto:future.consultation@severntrent.co.uk)



In writing:

Strategy and Regulation  
Severn Trent Water Ltd  
PO Box 5309  
Coventry  
CV3 9FH



# Making the right choices

Severn Trent Water provides drinking water and sewerage services to over 3.2 million households and businesses in the Midlands region and mid-Wales.

We are proud of the fact that our customers receive some of the best quality water in the UK and pay the lowest average prices.

We are committed to continuous improvement and in planning for the future, we want to ensure that, with your help, we make the right investment choices.

We supply 1.8 billion litres of water a day and collect and treat 1.4 billion litres of wastewater every day.

## Our business plan

Over the next three years we will be developing a new business plan (for the period 2015-20) and a longer term 25-year strategy (our Strategic Direction Statement).

We want the priorities of our customers and stakeholders to be at the heart of our plans as the decisions we make will affect the service you receive, the price you pay, the environment in which you live, and how we invest in our region.

We will present our plans to our economic regulator, Ofwat, in 2014 as part of its 'price review' process, ready for implementation in April 2015. Ofwat will review our plan and determine limits on the levels we can charge our customers during 2015-20.

You can find out more about the role of Ofwat and price reviews at: [www.ofwat.gov.uk](http://www.ofwat.gov.uk)



# Severn Trent Water Forum

## Severn Trent Water Forum<sup>1</sup>

We are already consulting with regional representatives from a number of our regulators (the Environment Agency, Drinking Water Inspectorate, Natural England) and the water consumer representation organisation, the Consumer Council for Water, to establish the Severn Trent Water Forum. This Forum will challenge us as we develop our plan to ensure that we listen to and take into account the views of our customers and stakeholders.

<sup>1</sup>Ofwat, our economic regulator, refers to this group in its framework for price reviews as the 'customer challenge group'. All water companies are required to establish a group of this type.

We want to ensure that the interests of as many stakeholders as possible are represented by this Forum in some way. Your involvement in the development of our plan will help us to do this.

## Your bills

Our current average household water and sewerage bill (2011-12) is the lowest in England and Wales, and our prices are set to rise below the rate of inflation until 2015.

## Providing a safe, reliable service

Whilst rainwater falls from the sky, turning that raw water into a safe, reliable water supply and effectively taking away and treating wastewater is a complex operation.

It involves infrastructure that typically has a long lifespan. This means the investment decisions we make today will impact on the service our customers receive and the price they pay long into the future.

# £311

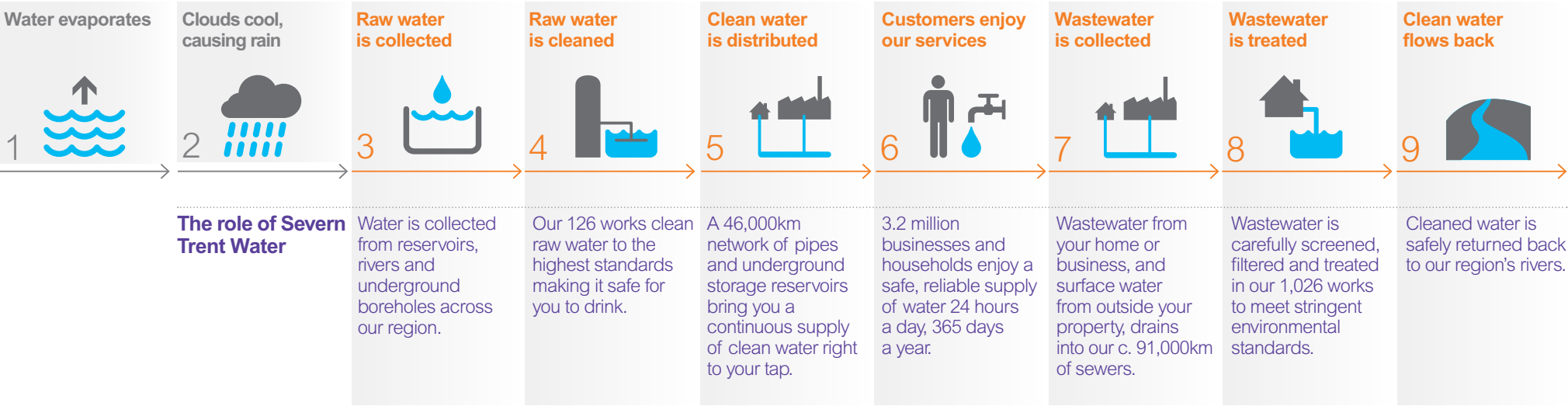
our current average water and wastewater household bill (2011-12) is the lowest in England and Wales.





# The Severn Trent Water ‘Cycle’

## How Severn Trent Water provides a safe and reliable service



# Future challenges

At Severn Trent, we care about the long term and strive to operate our business in a sustainable way.

The future presents real challenges to the way in which we operate.

Climate change, affordability, higher environmental standards and the need to finance future investment are key issues for us.

## Climate change

Whether it is the energy we use, the water available to supply to our customers, or the quality of the diverse environment under our stewardship, our business both contributes to and is affected by climate change.

As we look to the future, climate change will increase the risk of water scarcity and flooding events (like the ones we saw in Gloucester in 2007). We need to adapt to that risk and find low-carbon ways to deliver safe, reliable services to our customers.



## Future challenges

### Affordability

Delivering improvements in drinking water quality and the environment means that bills are now 45% higher in real terms than at privatisation in 1989. Whilst these upward pressures on bills continue to exist today, they come at a time of economic uncertainty for many households and businesses in our region.

### Environmental standards

We have a responsibility to help protect the rivers and natural habitats in our region. It is important that we deliver the environmental benefits that legislation requires and do so in a sustainable way that minimises the costs to our customers and the impact on our carbon emissions from the energy we use in treatment processes.

### Financing

Over the next 20 years the water industry will need to maintain significant investment in infrastructure in order to improve the resilience of our services and deliver environmental improvements. This means we will need to continue to maintain the confidence of our investors – both debt and equity – in order to minimise the cost and risks to our customers.





# Get involved

Please tell us how you would like to be involved in the development of our plans and what issues are most important to you.

You can find details of how to respond on page 12.

**Q1.**

## What issues are important to you?

We are at the early stages of developing the key issues we will consider in our plan. Before we do so, we want to understand what issues are important to you.

**Q1a.**

**Below is a list of the types of issues that our stakeholders have previously told us are important, which are you most interested in?**

- Bill levels
- Tariff options
- Support for vulnerable customers
- Service interruptions
- Flooding and resilience
- Sewer flooding
- Water resources
- Leakage
- Water efficiency
- Environmental improvements
- Biodiversity and the natural environment
- Renewable energy
- Carbon
- Recreational sites

- Investment in our region
- Metering
- Climate change
- Sewage works odour
- Water taste and odour
- Customer service
- Retail competition (business customers)

**Q1b.**

**For the issues you have selected, why are they important to you?**

**Q1c.**

**The list is not exhaustive, are there any other issues you would like to see considered? If so, why?**



## Get involved

Q2.

### How would you like to be involved?

We want to involve our customers and stakeholders using approaches that are most appropriate to you. You may wish to be consulted on the choices we make or be updated on how we are progressing.

Q2a.

#### What are your preferences for the following options to get involved?

- Stakeholder workshops on specific subject areas
- Regional meetings and briefings
- Written consultations (like this one)
- Severn Trent Water attendance at relevant events you are already arranging
- E-mail updates
- Our website and social media

Q2b.

Are you having an event you would like us to attend to discuss our business plan? If so, please provide us with more details.

Q2c.

Are there other options you would like us to consider?

Q3.

### What else is important to you?

Q3a.

Is there anything we have missed?



# Timeline

We want to ensure that our customers and stakeholders have the opportunity to comment at all of the key stages in our business planning process.



# Next steps

Thank you for reading this consultation. We will use your views to help develop a framework for consultation ready for implementation in Spring 2012.

## How to respond:

We welcome your views on the questions raised in this consultation by 26 January 2012. Please tell us about them in the form most convenient for you.

You can respond:



Online:

[online survey](http://www.stwater.co.uk/online_survey)  
[www.stwater.co.uk/  
futureconsultation](http://www.stwater.co.uk/futureconsultation)



By e-mail:

[future.consultation  
@severntrent.co.uk](mailto:future.consultation@severntrent.co.uk)



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