

Severn Trent Plc

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Dear John

Thank you for asking us for evidence about new sources of dormant assets that could be released for good causes.

We very much support the underlying objective of releasing dormant money for good causes.

The two classes in which we have something akin to dormant accounts are (a) unclaimed dividends and the shares supporting these dividends and (b) overpaid water bills.

According to our records, we have approximately £550,000 of unclaimed dividends and around 45,000 unclaimed shares (£1 million in today's prices). We propose to seek shareholder approval at our Annual General Meeting in July this year to distribute these dormant assets to charities or recognised good causes. New legislation is not necessary to allow us to do this; we simply need shareholder approval.

In terms of overpaid and untraceable customer accounts, our average annual figure is around £1 million, a tiny fraction of our of our average annual overall customer bill of £1.6 billion. Subject to appropriate internal controls, we write off these credits and essentially use the money to offset bad debt, which in turn helps us to keep customers' bills low.

In terms of future policy, our suggestions for maximising the benefit to society of dormant assets are:

1. Companies already seeking to manage dormant assets responsibly should not be adversely affected by any new rules. It would be disproportionate and potentially counterproductive to, for example, reduce their freedom of choice about how to distribute the assets to good causes.
2. New laws should only be introduced where they are necessary to release dormant assets. This is not the case with dividends and shares nor with dormant customer bills in credit.

Kind regards

Andrew Fairburn