



South Staffs Water

# Water Resources Management Plan 2024 – summary

Securing your water future



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# 1. What is a water resources management plan?

A water resources management plan, or WRMP, describes how we'll continue to meet the demand for water in the South Staffs Water supply area over the long term. As such, it considers things like climate change, population growth and the need to protect the environment. We produce a new WRMP every five years. Our latest plan covers the 25 years between 2025 and 2050.

We've shaped our WRMP to meet your needs over time. We know these will certainly change in many ways. But you must always be able to rely completely on our ability to supply high-quality, clean water efficiently, consistently and to the highest levels of service you expect. At the same time, we know you expect us to protect the environment we all rely on and enjoy.

We face a number of significant challenges over the 25 years our WRMP covers. These include:





	<p>a <b>greater demand for water because of population growth</b> and an increase in the number of properties in our region;</p>
	<p>the need to <b>plan for reductions to the amount of water we take</b> (or 'abstract') from our current underground water sources (known as 'aquifers');</p>
	<p>the need to <b>increase our resilience to drought</b>, so that there's only a 0.2% chance each year (that is, once in every 500 years) that we'd need to take extreme measures to restrict your water supplies (such as standpipes or rota cuts);</p>
	<p>the <b>impact the COVID-19 pandemic is continuing to have on household water use</b>. We're still supplying more water than we did before the pandemic because more people have been able to work from home and are being more stringent about their hygiene practices; and</p>
	<p>the <b>expectation to do more to reduce leakage on our network of pipes</b>, and to help you <b>save water and manage your bills</b>. We've got an important part to play in educating, informing and challenging all our customers – helping you to use water wisely now and over the long term.</p>

Also, the Environment Agency has recently classified the South Staffs region as an area of serious water stress. This means that future predicted rainfall may not meet the demand for water in the region. So, we need to consider metering all our customers (what we've called 'universal metering') to help reduce the demand for water – while making sure we're able to meet both your needs and those of the environment over the long term.

Our WRMP sets out the options we consider will best help us to meet these challenges. It's one of the tools we're using to secure your water future.

## 2. Our water resources management plan – a summary

Our proposed programme for the South Staffs Water supply area focuses on managing the demand for water. This is to ensure we've got enough water for both our customers and the environment for the next 25 years. The proposed plans in our WRMP will deliver:

<p>A 50% reduction in leakage (from 2017/18) levels by 2050</p>		<p>A 9% reduction in non-household water use by 2038</p>	
	<p>Household water use of 110 litres per person per day by 2050 (it's currently 140 litres per person per day)</p>		<p>Universal smart metering for all our customers</p>
<p>In addition, we believe the UK Government's plans to introduce water efficiency labelling on things like washing machines and dishwashers by 2025 will also help us to achieve our ambitions.</p>			

Our engagement with customers shows that they prefer a plan that focuses on reducing demand for water. There is also majority support for universal metering. But our research suggests that we need to make sure appropriate support mechanisms are in place to protect vulnerable customers and large families. We're very conscious of the impact of the current cost of living crisis is having on household budgets and are committed to making sure we provide the right levels of support for all those customers who need it. We're also keen to support our non-household customers to help them identify ways to become more water efficient, primarily through fitting smart meters to all sites, which will provide timely and regular information.

When it comes to metering specifically, we've noticed a shift in our customers' views since the engagement we carried out for our last WRMP, which we published in 2019. Since then, the Environment Agency has declared our region an area of serious water stress. As a result, we've been exploring the concept of universal metering with our customers for this WRMP.

It's important to understand the background to this shift in customers' views – energy smart meters are now

commonplace in homes as technology over the last five years has increased. Customers now have access to more data, which enables them to control their usage. Throughout our engagement, those customers with smart meters acknowledged that they had changed their behaviours to reduce their usage and save money.

However, our customers have also raised some concerns around a universal metering programme and the impact it may have on large families, those with medical needs and vulnerable members of the community. We have developed plans to help support you with the transition to a meter, including:

- We aim to have a maximum of 3% of our customers in water poverty by 2035.
- We will expand our existing Assure programme to support nearly twice as many customers in AMP8 as we are supporting in AMP7.
- We will provide a 2-year grace period for meter rollout. Customers will have 2 years from the date of meter installation before we switch to metered billing so we can provide you with regular consumption and proposed bill data. This will enable you to understand the impacts and plan for the any changes required.

### 3. What have we done since our last water resources management plan?

We published our last WRMP in 2019. Every year we report to the Environment Agency on how we're progressing with delivering the key elements of this plan.

	What we said we'd do	How we're doing
<b>Leakage</b> 	By 2024/25, we'll reduce total leakage on our network of pipes by 25% from 2019/20 levels.	On track 
<b>Sustainable water supply</b> 	We'll reduce how much water we take from our underground sources by around 6 million litres a day where necessary to manage the risk of deterioration to the environment.	On track 
<b>Resilience</b> 	We'll liaise with our neighbour, Severn Trent Water, to further explore a bulk supply trade to provide additional resilience to our water supply system.	On track 
<b>Metering</b> 	We'll aim to encourage an additional 2,600 households a year to switch to a water meter.	 <b>We're working on it</b> We're slightly behind where we'd like to be. We're developing a plan to catch up, which will see us provide more community engagement to share the benefits of metering and the support we have in place for customers making the switch to water meters.
<b>Water efficiency</b> 	We'll reduce the average amount of water each of our household customers use by one litre per person by 2025.	 <b>We're working on it</b> We're behind where we should be – customers' individual water use increased by more than 25 litres a day during the COVID-19 pandemic. We're working to provide more information to customers on their water use through an extensive communications campaign. We're also trialling innovative technology that will reduce average household water use.

## What's different in this plan?

As we've mentioned above, this time we need to plan for an even greater level of drought resilience. We currently have to make sure our system is resilient enough so that we only have a 0.5% chance of needing to use extreme drought measures each year (or a 1 in 200 year drought event). This time, we've got to reduce that likelihood to 0.2% each year by the time we reach 2040. This is what's known as a 1 in 500 year drought event.

Also, the Environment Agency has classified the South Staffs Water region as seriously water stressed. This means that either now or in the future, the household demand for water is a high proportion of current rainfall levels. This classification means we can consider universal metering for all customers, to help reduce the demand for water. We've spoken to our customers extensively about this over the past 18 months to understand whether this is something they would support and what concerns they may have. Please see chapter 4 for more detail.

In addition, in 2021 the Environment Agency published its National Framework for Water Resources. This sets out a greater level of ambition for restoring, protecting and improving the natural environment. The Environment Agency assumes that around 700 million litres of water a day that comes from unsustainable sources in England will need to be replaced by other means between 2025 and 2050. Our WRMP considers the future reductions in the amount of water we can take from the environment in our region, and how we take these into account.

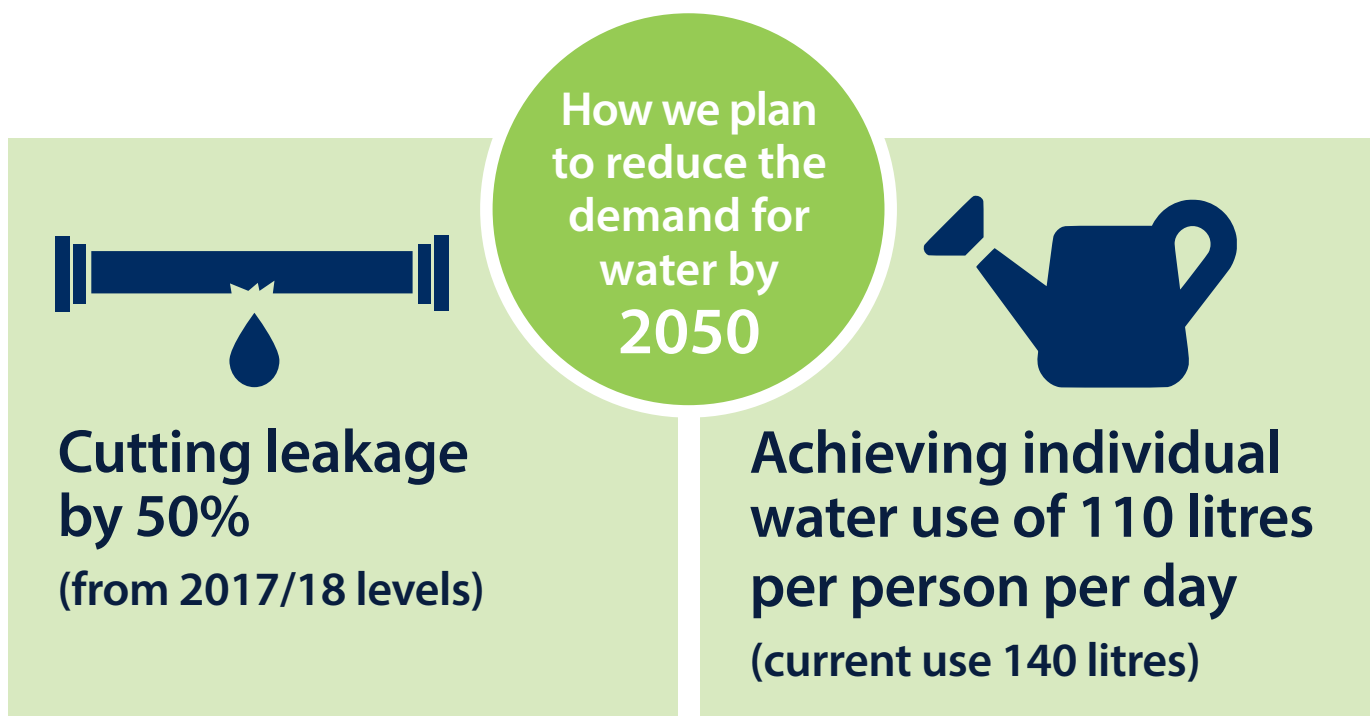
This time, we have to take what's known as a 'best value planning' approach to developing our WRMP. This means we look at the additional value – both positive and negative – an option would bring, rather than just looking at cost alone. It also means we assess all of our

options against a range of metrics such as biodiversity; flood risk and flood risk mitigation; tourist, leisure and amenity value; and carbon cost (among others). By looking at this wide range of metrics, we can make sure we produce a plan that delivers best value for our customers and the environment.

There's also the need consider adaptive planning. This is a framework that allows us to consider a number of different preferred programmes or options. An adaptive plan sets out how we could make decisions within this framework. Adaptive planning aims to address uncertainty and allow for more long-term planning. It also allows key investments to be timed more effectively.

Finally, we have to play our part in delivering the UK water sector's common public interest commitments. These are also included in our plan and look to reduce the demand for water by:

- **cutting leakage by 50%** (from 2017/18 levels) by 2050; and
- **achieving individual water use (what we call 'per capita consumption' or PCC) of 110 litres per person per day.** Currently, South Staffs Water customers are using 140 litres per person per day.



## 4. Putting customers at the heart of our plan

We started engaging with customers on our WRMP in 2020. We used different approaches, enabling us to hear voices from a range of diverse backgrounds with unique views on how they want us to approach how we look after water supplies in the future. An important part of our journey was having more ongoing, two-way conversations with our customers and stakeholders. This included the following.



Holding ongoing discussions with our H2Online customer community, with our household customers taking part in different conversations about how we manage our water resources.



Running a year-long Water Resources Advisory Panel (WRAP), comprising a mix of household customers – including those who need extra support to access our services – and business customers. The WRAP allowed customers to explain their views on important topics like metering policy, leakage levels and how far we should go to protect the water environment.



Carried out two large-scale research studies reaching more than 1,170 household customers and almost 150 business customers. These focused on understanding preferences for the investments current and future customers thought we should make to ensure a reliable supply of clean water in the future.



Running an online stakeholder group from different sectors to discuss the key challenges around water supply, and to understand their preferences on planning options, resilience and the environment.



Joined forces with Severn Trent Water and United Utilities (members of the Water Resources West regional planning group) to ensure a consistent research approach. This work played an important part in selecting the schemes and initiatives for our WRMP.



Worked with one of our partners to develop a well-rounded view of our customers' and stakeholders' different preferences and the reasons for these.



Held detailed discussions with the Independent Customer Panel, which represents our customers' interests and challenged our engagement.

The feedback from our customers and stakeholders identified four 'golden threads' (see below). These are the basis of the decisions set out in our WRMP and have remained consistent throughout. However, since February 2022 the increase in the cost of living has also become an established issue for our customers (another 'golden thread') and we've also taken this into account in our WRMP. We're continuing to engage with our customers and stakeholders into 2023 as we look to finalise our long-term plans to 2050.



The need for customer information and engagement so customers can understand why proposed changes are needed to the way water resources and the environment is managed.



Call for collective responsibility – customers want everyone (water companies, household customers, businesses and farmers, developers, policy makers and regulators) to do their bit to maintain a reliable water supply for the future.



Concern for the environment and a desire to take action sooner rather than later.



A general call to ensure that the most vulnerable customers are protected.

## 5. Developing our water resources management plan

### Forecasting the future demand for water



**We use the latest forecasts of properties and population in our region, combined with our existing policies around metering, helping customers to use less water, and leakage management, to give us a view of what the demand for water would be if current water use behaviour and leakage continued unchanged.**

Using the latest data available, we forecast there will be a slow rise in demand from non-household and business customers over the 25 years between 2025 and 2050. We also forecast that our household population will increase by 162,000 with 137,000 new homes being built between 2025 and 2050. This is an increase of 12% in connected household properties. We're not forecasting any noticeable increase in non-household properties over the 25-year timescale.

The COVID-19 pandemic led to an increase in household customer water use as people stayed at home and were more stringent about their hygiene practices. This meant that, on average, every customer used 25 litres of water a day more than they did before. Since the pandemic, we've seen this number reduce as more people have returned to the office, but we're still seeing a sustained increase in overall demand for water. It's likely that hybrid working will continue and we need to factor this into our demand projections.

### Forecasting the future availability of water for supply



**We use a number of sophisticated techniques, including climate change scenarios and computer models, to forecast how much water we have now and will have in the future from our reservoirs, rivers and underground water sources. This is constrained by a number of factors, including:**

- how much water we can legally take from the environment;
- the quality of that water;
- the processes we use to treat the water;
- how we move the water around our network;
- how often we'll need to introduce restrictions on the amount of water customers can use; and
- the allowance we need in the event that any of our water sources are unavailable because we've got to work on them or they develop an unexpected fault.

We also look at different drought scenarios and any future changes to the licences that enable us to take water from the environment. This is so that we can understand the overall long-term water supply availability.

### Making sure we can meet the future demand for water



**The first thing we do is to look at how much demand we're forecasting and compare it with the amount of water we think we'll have available. This creates what's known as a supply/demand balance, and we produce this for every year within the plan – even all the way out to 2100. If the level of demand is higher than the water we've got available, we'll have a supply/demand deficit, and we must address this through our WRMP.**

We also need to decide how much headroom in water supply we need each year in our plan to allow for uncertainty. We define 'headroom' as the minimum buffer that we need to make sure we can meet our levels of service. This allows us to manage any variances to our WRMP – for example, if the population increases faster than expected, or the rate of climate change increases. But we need to make sure we don't have too much headroom, as this could drive investment in new supply options that may not be required or that don't represent the best value for customers.



## Making sure we can meet the future demand for water (continued)

Within our WRMP we must include an assessment of outage, which is to accommodate potential short-term or temporary loss of the amount of water available for supply. We define outage as a temporary loss of available water supply because of:

- planned maintenance and upgrade/replacement work (planned outage); or
- unforeseen events such as power failure, source pollution or system breakdown (unplanned outage).

Once we factor in all of the points outlined above, without further demand management (such as leakage reduction), we could face a deficit in supply during the next ten years.

## Protecting the environment



**As well as making sure we meet the water needs of all our customers, it's also important for us to make sure we meet the water needs of the environment. We're acutely aware of the impact of climate change on the environment and need to make sure we allow for changes this will mean to the water we take from existing and future sources.**

We've already committed to some reductions to our current abstraction licences to make sure the environment is more sustainable. These will take effect before 2030. These reductions will mean we don't supply any additional water from our existing underground water sources compared with the levels of abstraction between 2000 and 2015. This will protect the environment, rivers and water sources from deteriorating. These sustainability abstraction reductions equate to reduction of ten million litres of water a day in our current abstraction levels.

We also need to look at what reductions will be required in the future to further protect and enhance our water environment. To support this, the Environment Agency's National Framework for Water Resources sets out some future scenarios and the potential scale of reductions required for each of these. These scenarios offer different levels of environmental protection, and we've reviewed each one to understand the levels of reductions they would require.

We're proposing to carry out a series of investigations between 2025 and 2027 to understand exactly what reductions are required at each of our water sources to achieve the targets laid down in the Water Framework Directive; namely that all our water in our region achieve 'good' ecological status. You can read more about this on the Water Framework Directive website.

In the meantime, we're keen to make sure we plan for the potential reductions we may need to make in the future. This includes making sure the reduction levels would achieve the water flows needed to support the 'good' ecological status, as well as ensuring more protections for sensitive sites with designated or protected status. Once we have completed our investigations, we'll update the reductions required in our next WRMP in 2029.

## Developing options



To determine the best value plan, we take all the information we have for the feasible options, and enter it into an analysis tool developed by Water Resources West to ensure we're all assessing value consistently. This tool looks at the forecast demand needs and the options available, and helps us to develop a programme over the 25 years of the plan.

In 2022 the Government published the water related targets as part of the Environment Act, and we've included delivery of these targets in our plan. We looked at the best way to achieve these targets, both from a cost and deliverability point of view. This gave us a profile of activities over the planning period, including:

- a 9% reduction in non-household water use by 2037;
- reducing individual water consumption to 110 litres per person per day by 2050; and
- a 50% leakage reduction by 2050.

We considered a range of scenarios for each option – for example, for reductions in individual water use. We also looked at how to achieve 120 litres per person per day and 90 litres per person per day. And we considered some key dependencies, including:

- the Government-led initiative to introduce water efficiency labelling for things like washing machines and dishwashers to drive more efficient water use; and
- the roll-out of universal smart meters across the whole region, and the additional activities this drives such as smarter leakage detection, water efficiency and innovative tariff options.

In terms of supply, we reviewed the options we developed for our current WRMP. We also identified new options through discussions with other water companies and third parties such as the Canal and Rivers Trust. These supply options include:

- increasing the size of our existing storage reservoirs;
- identifying new water sources; and
- implementing water trades with neighbouring water companies and other third parties.

In general terms, our engagement programme found customers are more in favour of all aspects of demand management including:

- leakage reduction;
- metering; and
- education to help change behaviours.

## 6. How does this plan link to other plans we're developing?

### Water Resources West regional plan



As well as the ambitions for protecting the environment outlined in chapter 3, the Environment Agency's National Framework for Water Resources also allowed for the creation of five regional water resources planning groups. These groups bring together the water companies that operate in each of England's regions with key water users and other stakeholders. South Staffs Water is a member of Water Resources West (WRW), along with Severn Trent Water, United Utilities, Dŵr Cymru Welsh Water and Hafren Dyfrdwy.

Each regional group must produce a single, preferred plan that represents the best value to customers, society and the environment. Together, the five regional plans must meet the national needs for water resources over the long term.

We've worked with the other water companies in the WRW group to deliver these requirements, and to ensure our WRMPs are aligned and co-ordinated to ensure we're delivering the best value plan for the region as a whole. Our supply and demand numbers feed directly into the regional plan, and there is clear and direct link between that and our WRMP.

We'll continue to work closely with WRW as we develop our WRMP.

### Our drought plan



Every five years, we prepare and publish a drought plan. This sets out how we'll manage our water supplies in the event of a lengthy period of dry weather and a lack of rainfall. It describes what we'll do before, during and after a drought to ensure we can continue to provide secure water supplies while minimising any impact on the environment. It also sets out how we'll keep customers informed of the measures we'll put in place to protect water supplies.

We published our latest drought plan in April 2022 and our WRMP is consistent with this plan. One key area for customers is about levels of service. These explain the likelihood of us having to impose restrictions on water use in times of prolonged dry weather or drought. These are set out below. We're not proposing to change our service levels for temporary use bans (also known as 'hosepipe bans') or non-essential use bans. This is in line with the feedback we got from customers when we spoke to them about their expectations for this as part of our WRMP engagement.

Restriction	Level of service
Temporary use bans, or TUBs (for example, watering a garden using a hosepipe and filling or maintaining a domestic swimming or paddling pool)	Once every 40 years, or a 2.5% chance each year
Non-essential use bans, or NEUBs (for example, vehicle washers and cleaning the windows of commercial buildings)	Once every 80 years, or a 1.25% chance each year
Emergency drought measures (for example, rota cuts)	Once every 500 years, or a 0.2% chance each year

For this WRMP, we've got to be resilient to a 1 in 500 year drought by 2040 – an improvement from the previous standard of a 1 in 200 year drought. This is to make sure we're more resilient to climate change in the future. We've included options that we consider will deliver this additional resilience within our WRMP.

# Our business plan for 2025 to 2030



In October 2023 we submitted our latest business plan, which includes all of the work we need to do as a business each year between 2025 and 2030. All the outputs from our WRMP have fed directly into the business plan, and that is how we request the funding we need to deliver the activities identified in our WRMP.

The customer engagement we have carried out for the WRMP forms part of a wider engagement programme covering all aspects of the business plan.

<p>Our plan for the five years from 2025 to 2030 is about securing the water future for customers, communities and the environment. This means delivering the services our customers want and are willing to pay for. It also means leaving the environment in a better state for future generations.</p>	<p>Invest <b>£40 million</b> to ensure excellent water quality and reliable assets</p>	<p>Sector-leading package of performance commitment targets</p>	<p>Invest <b>£19 million</b> to enhance and protect the environment</p>	<p>Achieve <b>76% metering</b> coverage by 2030</p>
	<p><b>Deliver our net zero ambitions</b></p>		<p>Develop alternative water sources, including a <b>new reservoir</b> in our Cambridge region</p>	<p>Deliver ambitious leakage reductions – <b>20%</b> in our Cambridge region and <b>15%</b> in our South Staffs region</p>
<p><b>£819 million</b> – the total value of our plan</p>	<p>Provide financial support to <b>60,000 customers</b> a year</p>	<p>Roll out an innovative essential use tariff</p>	<p>Reach <b>35,000 pupils</b> with our education outreach programme</p>	<p>Increase <b>community support</b> for customers who need the most help</p>
<p><b>£218</b> – the typical bill customers will pay by 2030</p>	<p>Launch a water efficiency scheme for non-household customers</p>		<p><b>Community hub</b> Introduce a 'Help when you need it' scheme for customers in vulnerable circumstances</p>	

# 7. Monitoring and reporting on our plan

**Demand management is the bedrock of our plan. We do not use any new supply options and rely on demand management to ensure we have a positive supply demand balance throughout the planning period. Therefore, it is critical that we have a robust process for the delivery of the various activities, as well as the monitoring and reporting of our performance. This will ensure we are able to react quickly should we meet any challenges or issues relating to the delivery of or the benefits recognised by any of the activities.**

We include an allowance for some uncertainty in our plan which allows us some scope for small changes to profiles across the planning period. We also test our plan against various different scenarios to understand the impact these would have. These allow us to ensure our plan is robust and can cope with uncertainty.

The critical first step is to ensure we understand and monitor our performance closely and reliably. This means we can react quickly to any changes we see that are impacting on our plan. We have several mechanisms for monitoring our performance:

- Weekly leakage updates for internal review
- Monthly reporting to our Board on key areas such as leakage, household and non household consumption
- WRMP annual review – we report each year on our performance against our key commitments in the WRMP to the Environment Agency, including any actions we're taking to address any areas off track
- Annual Performance Review – we submit a wider performance review each year to Ofwat which includes performance against leakage and consumption

Where delivery or benefits are identified as off track, this is managed through action plans and increased reporting. These action plans will identify the appropriate action to take to rectify the issue, and these may include:

- Deep dive into performance issue to identify improvements.
- Review benefits and costs of activities and compare to WRMP assumptions. Understand factors negatively influencing this and adjust accordingly.
- Review balance of activities – if one delivers less benefit than assumed, adapt the programme to ensure delivery of the required benefits for the cost identified.
- Increasing resource to enable additional capability.

By working closely with our customers, our stakeholders and other water companies, we believe our plan will deliver a sustainable water supply for our customers and the environment for generations to come.

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