



# Delivering more for less

Our plan for 2015-2020  
April 2015



**Bournemouth**  
Water



# Highlights of our plan

This is a short summary of our plan for delivering a high-quality water supply service and value for money between 2015 and 2020, and beyond. We'll deliver improvements to the service whilst reducing household bills by more than 14% from 2014/15 prices before the effects of inflation.

Our plan is based on delivering the following:

- An actual decrease in the bill of more than 11% for the year from April 2015,
- Increases that are at or near inflation for the following four years, and
- An improved service

In particular we will:

- Further improve the experience when customers contact us
- Reduce leakage from our pipes by a further 5%, and fix visible leaks faster
- Further reduce the risk of large-scale interruptions to the supply
- Reduce the amount of energy we use to deliver the water



This time we took a different approach to developing our plan. We talked to our customers and asked a representative group what they thought of the service, what they wanted for the future, and whether they were prepared to pay for any improvements. We sought the views of more than 1,500 household and business customers by inviting randomly-selected customers to talk to us face to face and via telephone surveys. We set up an independent 'customer challenge group' to challenge the quality of our research, what the findings meant and how these were reflected in our planning. The group independently reported to the water industry regulator on its opinion of the quality of this work. A copy of the executive summary of this report can be found on our website and is available on request.

Most customers can't choose their water supplier and it's important that their interests are independently protected. We are regulated by Ofwat who, once every five years, assesses our performance, proposals for the future and costs, and sets limits for the revenue we may earn and thus the prices we may charge for the service.



204,800 homes and businesses supplied



# Our starting point

The last five-year period was from 2010 to 2015. We made a series of commitments to maintain our network of assets in a serviceable condition overall; to deliver certain enhancements to the assets and service; and to ensure our assets are safeguarded into the future.

What we said we would do	What we have done
Deliver high-quality water	<ul style="list-style-type: none"> <li>• Met the required standard – for 99.99% of all tests</li> <li>• Committed nearly £7m to improving treatment standards</li> </ul>
Maintain our pipes, pumping stations and treatment works	<p>Managed our plant well:</p> <ul style="list-style-type: none"> <li>• The number of burst water mains remains stable and is one of the lowest in the industry</li> <li>• Interruptions to customers' supplies are amongst the lowest in the industry</li> </ul>
Deliver high standards of customer service	<p>Consistently delivered:</p> <ul style="list-style-type: none"> <li>• At or near the top of the regulator's comparison of performance</li> <li>• Retained the Customer Service Excellence Award held since 2000</li> <li>• Written complaints have fallen every year since 2005</li> </ul>
Ensure a reliable supply of water	<ul style="list-style-type: none"> <li>• Managed demand for water by metering customers</li> <li>• Through our water efficiency campaign, helped customers to deliver savings of almost one million litres of water every day – managing demand has meant that we have never imposed a hosepipe ban</li> <li>• Introduced new water storage at Longham</li> </ul>
Reduce leakage from 22 to 21 million litres a day	<ul style="list-style-type: none"> <li>• Achieved the target ahead of schedule – current leakage is less than 21 million litres a day</li> </ul>
Reduce our impact on the environment and make our own sites better for wildlife	<ul style="list-style-type: none"> <li>• Reduced the carbon arising from our operations by 10%</li> <li>• Managed our processes so as not to have caused any serious pollution of rivers</li> <li>• Improved the wildlife habitats on land we own</li> </ul>

We also report annually against a series of key performance indicators monitored by the regulator, and our performance against these has been very good. These reports are published on our website.

While we take pride in our performance record for customer service, we know that we could do better. We don't always get it right and will continue to find ways to improve and eliminate occasional errors.

## What customers have told us

Customers have told us that their main priority is to have a safe, wholesome supply of water that will not run out in the future. In the table below, we show how our customers' key priorities are aligned to our current service performance.

What customers said	Our current performance
Ensure a safe and reliable supply	All our assets are in good condition and stable; water quality is high
95% happy with the service	We have remained at or near the top of the industry for customer service over the last five years
Reduce leakage	We are ahead of target and compare favourably against the industry – we lose about 14% of the water we produce; industry average is around 20%
Reduce interruptions	We are one of the best performers in the industry
Meter all customers	Currently 66% of our customers are metered – we'll continue to promote meters and, where practicable, install a meter when a customer moves into a previously unmetered property
Keep bills down	Our average household bill for 2015/16 is around 25% less than the industry average

Customers are prepared to pay a small, additional amount for us to reduce leakage, and the risk of interruption to 12,000 customers where the service is particularly vulnerable to interruption as a result of a burst water main.

# What we will deliver

Based on what we learnt from our customers, we developed six outcomes to deliver. Given what our customers want, our current performance, and the cost of living pressures, our approach is of continuous improvement, rather than step change.

Customer wishes in order of priority	How we interpreted these and what we will deliver
1. A safe and wholesome supply of water	We will: <ul style="list-style-type: none"> <li>• Meet at least the minimum standards required by law, and provide water which customers find pleasant and acceptable</li> </ul>
2. A reliable supply that will not run out in the future	We will: <ul style="list-style-type: none"> <li>• Invest in a project to reduce the reliance of parts of Bournemouth on a single water main</li> <li>• Ensure that we'll have sufficient water in the long term – we don't need to build any new water sources in the foreseeable future</li> <li>• Help customers to save water</li> <li>• Reduce leakage from our system by a further 5% by 2020</li> <li>• Fix visible leaks more quickly</li> <li>• Continue to promote metering</li> <li>• Maintain the water mains network and treatment works in good condition. We'll do so at broadly the same cost as in the previous five years</li> </ul>
3. An excellent customer experience	We will: <ul style="list-style-type: none"> <li>• Provide even better customer service and more choice for customers in how they interact with us</li> </ul>
4. Environmentally sustainable operations	We will: <ul style="list-style-type: none"> <li>• Further reduce the amount of energy we use in our operations by about 8% by 2020</li> <li>• Avoid causing any pollution to rivers</li> <li>• Continue to encourage a diversity of wildlife on our own sites</li> </ul>



Nearly 3,000 kilometres of water mains

Customer wishes in order of priority	How we interpreted these and what we will deliver
5. A financially sustainable business	We will: <ul style="list-style-type: none"> <li>• Reduce our core operating costs by about 5% in real terms by 2020 – we'll aim to earn a fair, but slightly lower profit and return for the shareholder than in the past</li> <li>• Manage debt and ensure customers who can pay their bills do so, so as not to penalise those who do pay</li> <li>• Investigate whether customers support special tariffs for those who struggle to pay, and if so, introduce one that is acceptable</li> </ul>
6. Engage well with our community and customers	We will: <ul style="list-style-type: none"> <li>• Govern the company well and transparently</li> <li>• Contribute to the local community</li> <li>• Be a good employer and work safely</li> <li>• Provide better information to customers and listen to their views</li> </ul>

## Our promise

We will:

- Report on progress against these objectives at least annually
- Pay money back to customers if we don't achieve the reduction in leakage we propose, or don't reduce the risk of failure of the service to 12,000 customers in parts of Bournemouth
- Share the benefits with customers if we achieve significantly better financial performance than forecast

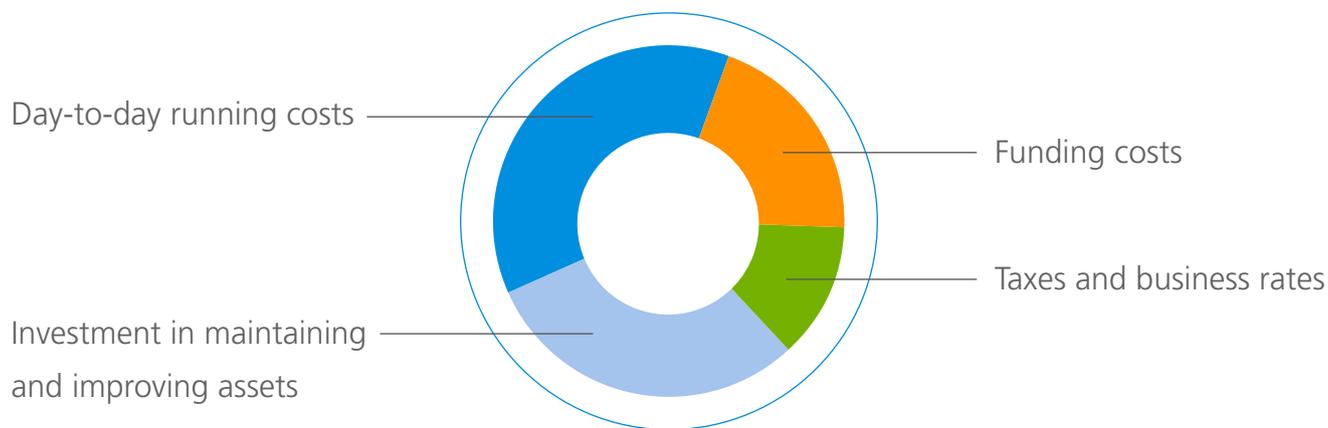
## What this will mean for prices

We are conscious of the current pressure on household incomes. With our high performance levels and the good condition of our assets, now is not the time to be asking customers to pay much more for an already reliable service. And so our aim is to manage cost pressures and keep our maintenance spend at a similar level to that of the past five years. Although our plan is from April 2015, we had already taken steps to make our bills as low as possible, as soon as possible, by freezing our prices for the year April 2014 to March 2015. We then reduced bills for 2015/16, with the average household bill falling by more than 11%. And we'll keep increases for the next four years at or near inflation.

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Average household bill	£153	A price cut of more than 11%	At or near inflation increases			

## Where the money goes

This diagram shows the typical breakdown of a household water bill.



# Area of supply



We do not provide a sewerage service: this is normally provided by either Wessex Water or Southern Water



## Bournemouth Water

We supply water to over half a million people.

We have been here for over 150 years as a local company employing local people to serve the community consistently and reliably with safe drinking water.

We are based in Bournemouth and are part of the community.

[www.bournemouthwater.co.uk](http://www.bournemouthwater.co.uk)