

Trust Beyond Water 2021/22

A statement from the Bristol Water Board

Bristol Water was formed in 1846 under an Act of Parliament with a ground-breaking and ambitious aim to bring, fresh, clean drinking water to the area we serve. This ambition was essential to the health and wellbeing of all and not just for the few. The Board of Bristol Water carries forward this vision of a water company doing what it can for the communities we serve.

Last year we celebrated our birthday on 16th July 2021, the 175th anniversary of the passage through Parliament of the Bristol Waterworks Act. We marked this occasion with a range of activities, including the publication of a new social history of Bristol Water to reinvigorate our story for future generations. In our celebrations we reflected the philanthropic purpose of our founders including Francis Fry, Sir John Kerle Haberfield and Dr William Budd, whose connection of public health to clean drinking water was ground-breaking. Our birthday was a good reminder that solving the challenges faced by society, climate and ecological emergencies, still depend on local community-based solutions.

As part of our celebrations, we were also delighted to host a visit from HRH the Duke of Gloucester in recognition of our big birthday. HRH visited us to learn about our history, thank our staff for their local community service during COVID-19, open our new staff water saving vegetable allotment, and to plant the first of 1,200 trees as our contribution to the Queen's Green Canopy.

Highlights in 2021/22 include:

1. We continue to lead the industry in leakage. The Water UK leakage route map to 2050 recognised we were the only company to already meet the industry's 2030 leakage commitment.
2. Supply interruptions were at a record low and were 59% under the target, despite extreme weather such as Storm Eunice.
3. The focus of our people on improving customer experience shows 6th place on the industry C-MEX measure.
4. We celebrated the 175th birthday of Bristol Water, as well as looking forward to an exciting future following our acquisition by Pennon.
5. Financial and operational performance was strong, with costs meeting the efficient expenditure allowances and net outperformance on our outcome incentives.



The Board believes that Bristol Water must continue to make a significant contribution to these societal challenges now and for the long-term. We can only do this because we are highly regarded by our customers due to the high levels of service and performance we provide, and demonstrate our role within our local communities. We continue to look to the future in doing this through our social contract [forward programme and transparency reports](#).



On 3rd June 2021 Pennon Group announced that it had acquired the Bristol Water Group. Following a phase 1 enquiry by the Competition & Markets Authority, regulatory clearance was received on 7th March 2022. Given the acquisition and regulatory clearance, there were a number of changes in the composition of the Bristol Water Board by the end of 2021/22. Bristol Water continues to focus on our commitments to the communities we serve and the people who deliver this, working as part of Pennon to be “The best of the best for the great South West”.

The process of integrating activities across the group where there are benefits from doing so can now commence. For our staff, Pennon recognise the talent within Bristol Water as a key benefit from the acquisition. Being part of a larger, listed company that is important to the

Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT

0117 966 5881

bristolwater.co.uk

Registered in England
No. 2662226



It's what we're made of.

greater South West is also a key opportunity. For customers, they will continue to receive the excellent customer experiences that Bristol Water aspires to, as well as benefitting through a lower bill from 2023/24 from the end of the higher financing cost allowance Bristol Water has as a small company. Customers will also benefit through the innovative WaterShare+ mechanism, which not only shares the benefits of outperformance with customers, but provides the opportunity to take a stake in the business and to take part in public meetings across the region on our performance.

Our corporate governance statement which sets out how the Board will consider our **social purpose**, and through this all stakeholders benefit from a high performing local water company that meets the need of customers and society:

“To have a positive impact on the lives of our customers, our communities, our colleagues, and on the environment”

How We Are Doing

Overall, 2021/22 saw performance benefits following the significant transformation that we delivered in 2020/21. The c12% efficiencies targeted in our business plan had necessitated a pay freeze and a restructuring of c10% of our workforce, including through careful management. The majority of the restructuring affected head office roles, and included a 30% reduction in the executive team that reflects maturity in the transformation of the organisation. These changes ensured we met our cost targets for 2021/22, as well as to target specific areas where performance needed to improve.

Areas of
excellence

Outperformance

On track

Marginal
underperformance

Area of focus

Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT

0117 966 5881

bristolwater.co.uk

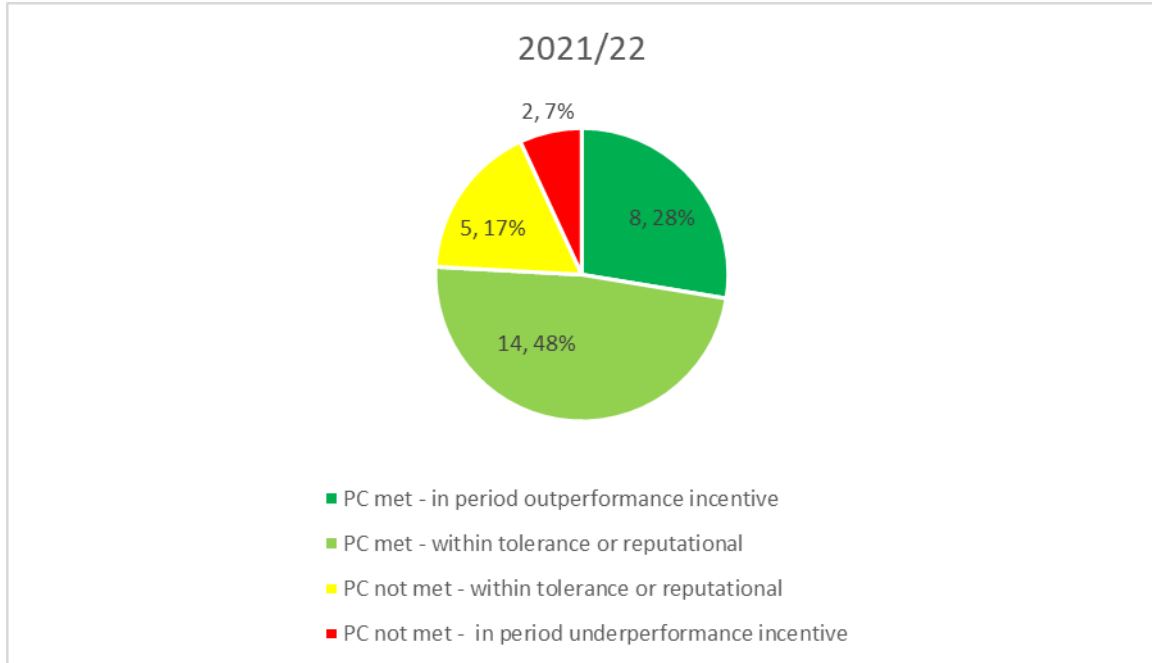
Registered in England
No. 2662226

Where performance has significantly exceeded our commitment	Where performance has demonstrably exceeded our commitment	Where our performance has met our commitment or is within tolerance	Where we believe we have plans to quickly return performance to within committed levels	Where significant work is underway to achieve plan commitments, with Executive-led improvement plans overseen by the Board
3	9	10	4	3
Supply interruptions	Leakage	Turbidity at treatment works	Risk of severe interruptions in a drought	CRI
Properties at risk of receiving low pressure	Water quality contacts – taste and smell	Glastonbury - Street	Water quality contacts appearance	PCC
Mains bursts	Void properties	Total customer complaints (definition)	% of customers in water poverty	Metering
	Raw water quality of sources	Biodiversity index	Value for money	
	C-MeX	Waste disposal compliance		
	Unplanned outage	WINEP compliance		
	Vulnerable customer satisfaction	WINEP delivery		
	Unplanned maintenance non-infra	AIM		
	Local community satisfaction	D-MeX (TBC)		
		PSR		

Summary Performance Against 2021/22 Targets

Our performance is measured against three customer outcomes – excellent customer experience, safe and reliable supply of water, and local community and environmental resilience.

We met, were within tolerance or exceeded 76% of the stretching performance commitments in 2021/22, an increase from 62% in 2020/21. Overall performance on Outcome Delivery Incentives (ODIs) was positive, with the in-period ODIs incurring underperformance penalties being focused on water quality compliance and water quality contacts. Of the 19 outcomes with in-period financial incentives, 8 had financial rewards (including anticipated rewards for C-MEX) and 2 had underperformance penalties. The total ODI impact is £0.7m of outperformance, excluding £0.3m of Per Capita Consumption penalty deferred by Ofwat until the overall impact of Covid across 2020-25 is understood.



Outcome – Excellent Customer Experiences

Outcome – Excellent Customer Experiences		Historical performance				Bristol Water 2021/22 Performance				
Performance Commitment	Unit	2017/18	2018/19	2019/20	2020/21	2021/22 Actual	Trend	Target	ODI impact (£m)	Target met
Customer Experience (C-MeX)	C-MeX score	N/A	N/A	81.22	83.31 (6 th)	82.86 (6 th)	↔	Top 5 ¹	0.369	Yes
Developer Experience (D-MeX)	D-MeX score	N/A	N/A	84.92	86.81 (8 th)	85.26 (9 th)	↓	Top 5 ²	0	Yes
Priority Services Register (PSR)	% households registered on the PSR	0.8	0.8	1.5	2.6	4.1	↑	4.1	N/A (non-financial ODI)	Yes
Water poverty	% households in water poverty	0	0	0	1	1	↔	0	N/A (non-financial ODI)	No
Value for money	% customers surveyed (CCW proxy survey)	69 (77)	68 (75)	75 (80)	83 (84)	77 (77)	↑	81	N/A (non-financial ODI)	No
Satisfied vulnerable customers	% customers surveyed	N/A	N/A	N/A	82	89	↑	85	N/A (non-financial ODI)	Yes
Void properties	% household properties	2.06	2.26	2.54	1.80	1.80	↓	1.90	0.041	Yes
Total customer complaints	Household complaints per 10,000 connections	N/A	N/A	73.4	58.9	38.7	↓	60.4	N/A (non-financial ODI)	Yes
Total									£0.410m	

¹ As C-MeX performance depends on industry rankings, which will not be known until all companies have published their C-MeX scores, we have set ourselves this target. C-MeX reported as met against ODI if neutral or outperforming, consistent with Ofwat service delivery report

² As D-MeX performance depends on industry rankings, which will not be known until all companies have published their D-MeX scores, we have set ourselves this target. D-MeX reported as met against ODI if neutral or outperforming, consistent with Ofwat service delivery report-

Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT
0117 966 5881

bristolwater.co.uk

Registered in England
No. 2662226

In the industry's customer measure of experience (C-MEX) we have remained 6th. Whilst we have ambitions to further improve upon our performance, we are pleased that we have maintained performance above the industry median. This was supported by a wide range of initiatives supported by our previous reorganisation to form a "customer hub", a structure which provides a focus on meeting customers' individual expectations throughout all our activities. We conduct a lessons learned exercise on at least one customer complaint each week, and we have developed our culture to always ask for customer feedback to include calls back to customers from managers throughout the business to ensure they are getting the customer experience they are entitled to. The key to our performance is that our staff and partner organisations take pride providing customers with an excellent experience and that on the few occasions we get things wrong, we quickly make amends and learn from the events.



Complaints reduced by 49% to 30.3 complaints per 10,000 connections, although this reduction was assisted by revised CCW guidance on complaint categorisation and was higher at 38.6 per 10,000 based on the previous methodology. We were also pleased to be recognised by the Institute of Customer Services as one of their top 10 organisations nationally for customer satisfaction around complaint handling in the January 2022 UKCSI report.

Customer value for money was 77%, below our target and last year's outcome. The survey suggested that there was a general increase in customer concerns about paying their water bill, up from 6% in 2021 to 15%. We always strive to meet individual customer needs. Our target for vulnerable customer satisfaction was set at 85%, 5% above the baseline that had been set using overall customer satisfaction historically achieved. We achieved 89% vulnerable customer satisfaction with our priority services in 2022, an increase from 82% in 2021, which we believe reflects the effort we have made. Customer comments from this survey will help us improve further. 54% of the customers were also on the PSR register with their energy provider, and 85% of these customers said Bristol Water vulnerable service compared very or quite well with the energy service equivalent.



We continue to offer a wide range of social tariffs support. Social tariffs increased by c4% to 21,209, ahead of the target of 20,705. Despite the pressure on household incomes, water poverty remained increased from 0.6% to 0.7%. We use the detailed neighbourhood information our tool provides to target our social tariffs and support to aim to return water poverty to zero in the area we serve. An enhancement in the analysis this year is that we can now target individual customers whose social tariffs may leave them in water poverty, which supports our ambition of returning to zero water poverty. Our social contract activities focused on the vulnerability partnerships we continue to develop. We worked with food banks, food clubs and “grow your own” support organisations to promote vulnerable customer support (through our helping hand leaflets), water efficiency as well as our extensive range of social tariffs. We learnt from Ofwat’s [Listen, Care, Share campaign](#) during the year and contributed a number of case studies to the best practice board. We recognise that our people need support when faced with the wide variety of circumstances that can make customers’ vulnerable. We trained a group of “vulnerability hero” volunteers to support our staff to spot cues of vulnerability. We have partnered with the charity Scope to carry out an assessment of our website and customer bills to see how accessible they are to all customers and are working towards fully meeting the BSI standards for vulnerability in 2022.

Bristol Water @BristolWater - Mar 23
 It's #DebtAwarenessWeek and our Customer Experience team have visited two 🍴 food clubs 🍴 in Bristol run by @family_action. They support over 60,000 families with quality food at a low price 💰 🙌 If you're struggling to pay your bill, we can help 📄 bristolwater.co.uk/struggling-to-...



👍 2 ❤️ 6 📄

Outcome – Safe and Reliable Supply of Water

Outcome – Safe and Reliable Supply of Water		Historical Performance				Bristol Water 2021/22 Performance				
Performance Commitment	Unit	2017/18	2018/19	2019/20	2020/21	2021/22 Actual	Trend	Target	ODI impact (£m)	Target met
Water quality compliance	Compliance Risk Index (CRI) score	0.03	0.75	2.31	3.02	4.19	↑	0	-0.418	No
Water Supply interruptions	Hours: minutes: seconds (HH:MM:SS) per property per year	1:15:59	0:15:01	0:09:17	0:30:17	0:02:31	↓	0:06:08	0.343	Yes
Mains repairs	No. of repairs per 1,000km of mains	178.6	156.5	115.5	154.2	106.4	↓	136.5	0	Yes
Unplanned outage	% of peak week production capacity	1.50	0.40	0.72	0.20	1.74	↑	2.34	0	Yes
Risk of severe restrictions in a drought	% of population at risk	N/A	N/A	85.11	56.9	32.9	↑	29.8	N/A (non-financial ODI)	No
Water quality contacts – appearance	Consumer contacts per 1,000 population (all contacts for comparison)	1.00	1.21 (1.69)	1.03 (1.46)	1.07 (1.46)	1.11	↔	0.73	-0.067	No
Water quality contacts – taste and odour	Consumer contacts per 1,000 population	0.45	0.41	0.39	0.35	0.28	↓	0.36	0.017	Yes
Properties at risk of receiving low pressure	No. properties below low pressure ref level (per 10,000 connections for comparison)	65 (1.21)	61 (1.13)	57 (1.04)	57	11	↓	61	0.212	Yes

Outcome – Safe and Reliable Supply of Water		Historical Performance				Bristol Water 2021/22 Performance				
Performance Commitment	Unit	2017/18	2018/19	2019/20	2020/21	2021/22 Actual	Trend	Target	ODI impact (£m)	Target met
Turbidity performance at Water Treatment Works (WTW)	No. WTW whose turbidity 95th percentile \geq 0.5 NTU	0	0	0	0	0	↔	0	0	Yes
Unplanned maintenance – non-infrastructure	No. maintenance jobs	3,279	2,913	3,327	3,134	3,026	↓	3,272	0	Yes
Glastonbury Street network resilience	No. months delay to deliver scheme	N/A	N/A	0	0	0	↔	0	0	Yes
Total									£0.086m	

Water quality compliance (CRI) was above the 2.0 penalty threshold at 4.19. This reflected one-off coliform failures from samples taken at larger treatment works, which have a high weighting on this index. The total number of failures were similar to previous years, and therefore the location made a difference on this occasion. We investigate each event, and we remain slightly below the number of recommendations the DWI would expect to make from such events and audits. As there is little scope for failures in this target, and because it is important we target full water quality compliance, we have increased our focus on potential hazard identification and resolution, a strength of approach the DWI noted in their 2021 Chief Inspector's report. This focus produced a c55% reduction in outstanding hazards (the DWI Risk Adjusted Risk Index measure) which we use as an important asset health metric. The few water quality events in the year were generally associated with weather or burst events, with the Event Risk Index (ERI) similar to the previous year at 14, better than the level of c.30 which the DWI consider to be good performance.

For water quality contacts we are targeting a c50% reduction over 2020-25 (with a 54% reduction for customer contacts about the appearance of their water). During the first half of 2021 performance was adversely affected by bursts and third party hydrant use. We increased our focus by investigating all individual discoloured water contacts, liaising with the fire brigade on hydrant use and introducing a "how to" video for those hiring standpipes. By the end of 2021 and in the first quarter of 2022 performance was back on track.

Supply interruption performance in 2021/22 was a vast improvement on the disappointing 2020/21, which had seen a number of exceptional and third party events. The performance was 2.5 minutes compared to the target of 6.1 minutes, which is believed to be our best ever

performance. It was a 92% reduction on the 30.3 minutes of the previous year. This achievement reflects the resilience of our supply system and robust operational response, which is achieved consistently despite our varied mix of rural and urban areas. Our network sensors help to monitor major water use changes on our network, and we have a “digital twin” system that allows network modelling to quickly provide advice to our operational crews to get water safely back into supply, often with no noticeable impact for customers.

Our supply interruptions and mains repairs performance was assisted by a relatively mild winter, with the main incident being a burst during the hot weather in July 2021, when there was a burst to a 1200mm (4 feet) diameter main alongside the South Bristol link road between the A370 and A38. This represents the largest diameter pipe burst we have experienced in a very long time. The burst was detected around 18:00 and isolated by 21:00 by which time massive volumes of water had flooded the ring road and the system supplying large parts of central and northern Bristol had drained. This resulted in a host of low pressure and no water calls to our switchboard. However, thanks to the readiness of our operational teams and the robust flexibility of the affected system at the time of the burst (i.e. full reservoir storage was able to provide back-fed support to the area), the properties interrupted were limited to areas of higher ground and only a few hundred properties were interrupted for over three hours, resulting in only 11 seconds being recorded for this metric as a result of this incident. We review each supply interruption to identify the route cause and are targeting areas where investment can reduce major interruption risk, but this cannot be avoided entirely particularly where third party action involved.



Our performance on mains repairs and other asset health metrics were all better than target. Mains repairs were 106.4 per 1000km compared to the target of 136.5, similar to the level seen in 2019/20 which also had relatively benign weather, compared to the 154.2 per 1000km recorded in 2020/21, a year which had more adverse weather. Our focus and targeted investment in mains replacement for asset health, water quality, leakage and supply interruptions will continue to see improvements in the network performance over time.

Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT

0117 966 5881

bristolwater.co.uk

Registered in England
No. 2662226

Outcome – Local Community and Environmental Resilience

Outcome – Local Community and Environmental Resilience		Historical Performance				Bristol Water 2021/22 Performance				
Performance Commitment	Unit	2017/18	2018/19	2019/20	2020/21	2021/22 Actual	Trend	Target	ODI impact (£m)	Target met
Leakage	Megalitres per day	43.9	41.1	37.0	35.5	35.6 36.0 (three year average)	↓	36.1 (three-year average)	0.016	Yes
Per Capita Consumption (PCC)	Litres per person per day	148.9	151.3	146.4	161.1	154.7 154.1 (three year average)	↑	145.0 (three-year average)	0 (-0.273 for notional performance this year)	No
Meter penetration	% household properties	52.67	55.97	58.98	60.26	62.41	↑	69.5	0	No
Raw water quality of sources	Kilograms of phosphorus loss reduction	N/A	N/A	0	155	239	↑	216	0.004	Yes
Biodiversity index	Biodiversity index score	17,657	17,668	17,670	17,668	17,678	↑	17,678	0	Yes
Waste disposal compliance	% compliant samples	98	98	98	98	98	↔	100	0	No (within tolerance)
WINEP compliance	% WINEP schemes completed	N/A	N/A	100	100	100	↔	100	0	Yes
WINEP delivery	Text (either "met" or "not met" WINEP scheme)	N/A	N/A	N/A	met	met	N/A	met	N/A (non-financial ODI)	met
Local	%	N/A	N/A	N/A	88.2	92.6	↑	85.0	0.158	Yes

Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT
0117 966 5881

bristolwater.co.uk

Registered in England
No. 2662226

Outcome – Local Community and Environmental Resilience		Historical Performance				Bristol Water 2021/22 Performance				
Performance Commitment	Unit	2017/18	2018/19	2019/20	2020/21	2021/22 Actual	Trend	Target	ODI impact (£m)	Target met
community satisfaction	stakeholders surveyed									
Abstraction Incentive Mechanism (AIM)	Megalitres (MI) if AIM triggered	N/A	N/A	N/A	N/A (AIM not triggered)	N/A	N/A	-186.1 (if AIM triggered)	0	Yes (AIM not triggered)
Total									£ 0.179m	

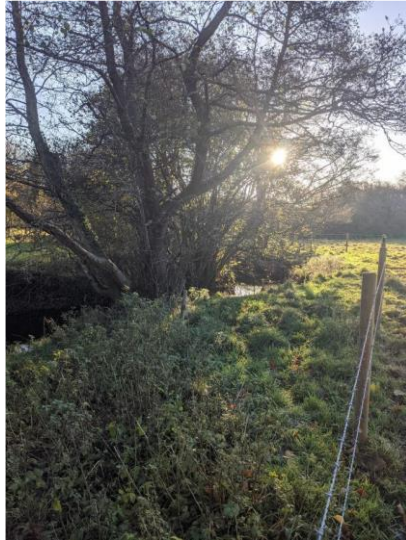
Water is essential for life, and with a changing climate and increased risk that droughts will become more frequent it is important to ensure that a continuous supply of safe, clean drinking water is available. One aspect of performance where we continue to lead the industry is in leakage reduction. Reducing leakage alone will not be sufficient to meet the longer-term requirements, however the reduction in leakage is a key part of the overall solution. Leakage varies considerably between companies across England and Wales, which will be related to the complex factors that drive leakage in these areas. Following years of progressive reductions, our leakage levels increased fractionally in 2021/22 at 35.6MI/d, reflecting the challenge we will see over the next three years in making further reductions in leakage down to 32MI/d. As we were ahead of our reduction target in previous years, we have remained ahead of the three year average target with a reduction of 11.5% compared to the target of an 11.4% reduction on the three years to 2019/20. The Water UK Leakage Routemap noted that Bristol Water was the only company to already meet the industry's 2030 commitment for lower leakage levels.

Our target to reduce per capita consumption (PCC) was not met this year, which we believe represents a switch in customer behaviour patterns from non-domestic to domestic consumption as many people had to work from home for extended periods of time. This has no detriment to customers, as evidenced that the total amount of water we supplied was in line with our 2019 water resource management plan overall. We would like to reduce PCC back to our long-term glidepath and target by 2025. Our metering levels accelerated by a further 2.1% over the last 12 months to 62.4%. We continue to accelerate metering towards meeting our 75% ambition for 2025, as the main focus of our efforts to reduce PCC. Increasing the proportion of households on a meter will reduce consumption levels through a range of factors, including customers being encouraged to change their behaviour to use less water or to install water efficient devices, consumption being measured accurately

rather than being estimated and losses being identified and repaired. We have therefore streamlined the support we offer, for instance allowing meter applications to be completed with customers over the phone. To support this, we have introduced a new “money back guarantee”, refunding any extra cost if after two years a customer find metering has increased their bill. Our Watertalk customer magazine was a key focus of our water efficiency promotion, with a return to a copy delivered to every property in the region as well as a digital version. Peter the Meter made a lively return to our promotional activities, including at our Royal visit. Despite periods of dry weather over the winter, at the end of March our water resources were in a normal position with reservoirs 93% full.

We continue to manage our water resources and protect the environment carefully. Our catchment management work continues to be successful at protecting the water quality in the Mendip Lakes. Our raw water quality activities removed kg P that would have otherwise affected the environment compared to the 216kg target. This was delivered through the Mendip Lakes partnership with local landholders and partners. This work provides advice and grants to farmers and has protected water quality in the Mendip Lakes through lower nutrient run off that has seen a reduction in algal blooms and lower pesticides recorded in these important water sources.





Our biodiversity index mechanism continues to track our performance to ensure there is net gain to the environment on the land we own and manage. An updated version of the metric we currently use may become a common approach for the water industry from 2025. The main biodiversity gains during 2021/22 came from habitat improvements as part of the new Chew Valley recreational trail and improving grassland management at three sites.

We have a good working relationship with the Environment Agency. We have achieved all the schemes due for delivery in the year and delivered one scheme early, although a change in timing for one scheme on the final requirements from the Environment Agency meant there was no ODI impact. Our pollution events are usually limited to the impact of water and sediment from mains bursts running into watercourses, there were 20 of these in 2021 (up from 7 in 2020), All of these were self-reported by ourselves to the Environment Agency, and the performance reflected the mains bursts in the first half of 2021. There were no water treatment works permit failures, and where technical aspects of abstraction licences did not meet all required conditions, we put steps in place to avoid the risk of repeat issues in the future. The Environment Agency considered that our operational response to these events by our staff was good, protecting small watercourses from treated water and highway run off as much as possible.

The EA (WINEP) environmental programme is ahead of expectations, with 1 investigation scheme delivered earlier than the required date. 26 schemes out of the 50 across 2020-25 have been delivered at the end of 2021-22.

Comparative performance for industry common metrics

As well as tracking performance against our commitments, we also compare our performance to other water companies. We provide detail of this in our mid-year

Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT

0117 966 5881

[bristolwater.co.uk](https://www.bristolwater.co.uk)

Registered in England
No. 2662226

performance report once industry data for the previous year is available. A summary of our 2021/22 performance against industry data for 2020/21 is shown below. Generally, we are performing well in comparison to our peers, and have a specific focus on improving all areas of performance that are below average currently.

Better than average	Below Average
Mains repairs	Water quality compliance
Unplanned outage	Water quality contacts
Properties at risk of receiving low pressure	Per Capita Consumption
Leakage	
Water Supply interruptions	
Void properties	
Customer experience and satisfaction	

Purpose, Values and Culture

Our social contract is the way we will deliver our social purpose. In January 2019 we launched our Social Contract, the first published by a water company. The social contract sets out how we are accountable for the social promises we make as we deliver our purpose. The social contract includes engagement with stakeholders, employees, customers and the Bristol Water Challenge Panel in order to agree a set of initiatives that go beyond our core water supply role to how we deliver value for society for the long term. Providing a view from the Bristol Water Board at our discussion sessions, and reporting views back to inform all Board decisions is a key part of how we ensure that our purpose is being delivered for the long term, and this is reflected in the strategy, values and culture of Bristol Water.

The transparency within our approach is also important. Our [social contract benefit and transparency report](#) published in December 2021 sets out the delivery and outcomes. We have also published the [social contract forward programme for 2022/23](#) following consultation with customers, employees and stakeholders. We published a [guide to our social purpose](#) which sets out our approach and how it contributes both public value and the delivery of our 2020-25 outcomes.

We have a voluntary sharing commitment that demonstrates our commitment to our social contract, based on the additional financing cost of our small water only company. The additional cost will not be incurred from 2023/24 charges following the acquisition by Pennon, as Pennon have provided an undertaking that customers will benefit from the merger. Customers will also benefit from 50% of cost efficiencies delivered as a result of the merger to be shared through extending the innovative WaterShare+ mechanism to Bristol Water's customers. More details about this will be shared later this year. We will continue to monitor progress against the commitments we made in our PR19 plan. The measures used



It's what we're made of.

to assess our success are referenced against both customer experience (being in the top three water companies that Ofwat regulate compared to the UK Customer Service Index rankings) and community stakeholder experience (being above a 75% baseline for community stakeholder satisfaction). Both triggers for our commitment have been met and so no voluntary sharing is required.

Based on 2021/22 performance, benchmarking by the Institute of Customer Services gave us a UKCSI score of 78.5. Compared to the July 2020 national UKCSI survey, this places us as the second placed water company that Ofwat regulate, just behind of Dwr Cymru with 79.5. The January 2022 national UKCSI survey showed an equivalent of third place, behind Northumbrian and Dwr Cymru. We were included in the UKCSI survey and ranked 6th, but this has a smaller sample size than the benchmarking survey, and mechanism uses the survey with the higher sample size. The January 2022 survey identified that we were one of the top 10 national organisations for customer satisfaction with bill handling. A priority for next year remains to improve customer perception of individual service elements, building further on our sustained strong performance as a local community water company. Our local community stakeholder satisfaction survey showed 93% satisfaction, an increase from 88% in 2021.

It was challenging to deliver many of our social contract initiatives during Covid-19. Some of our plans for school visits, community environmental action and public events had to be put on hold whilst social distancing rules apply. Our plans for 2022 focus on restating these initiatives, including a return of our water bar and water fountains work. During 2021/22 our employees supported 190 volunteering days on social contract and other community activities.

Bristol Water has a community fund which is administered by the Quartet Community Foundation. The Quartet Community Foundation works by creating a pool of capital for investment through donations from business and individual philanthropists. During 2021/22 we worked with Quartet to support a local food growing project and to align our work on "Hard to Reach" community group projects with Quartet's activities, in particular our "Helping Hands" promotion with food banks and food clubs.

We engaged with our Youth Board this year to explore with six formers why they think the views of their generation may differ from water customers in general. As we found previously, young people felt themselves to be more conscious of the environment, and they were worried about their future health and wellbeing. Awareness of Bristol Water was low, as was understanding of water usage – it was generally taken for granted. Whilst these future citizens were aware of intergenerational fairness as a concept for the environment, they had not considered it in terms of water services. The Youth Board generated a range of ideas as to how we should partner with other local companies to promote water efficiency through social influences. Such promotion needed to be positive as a solution to problems,

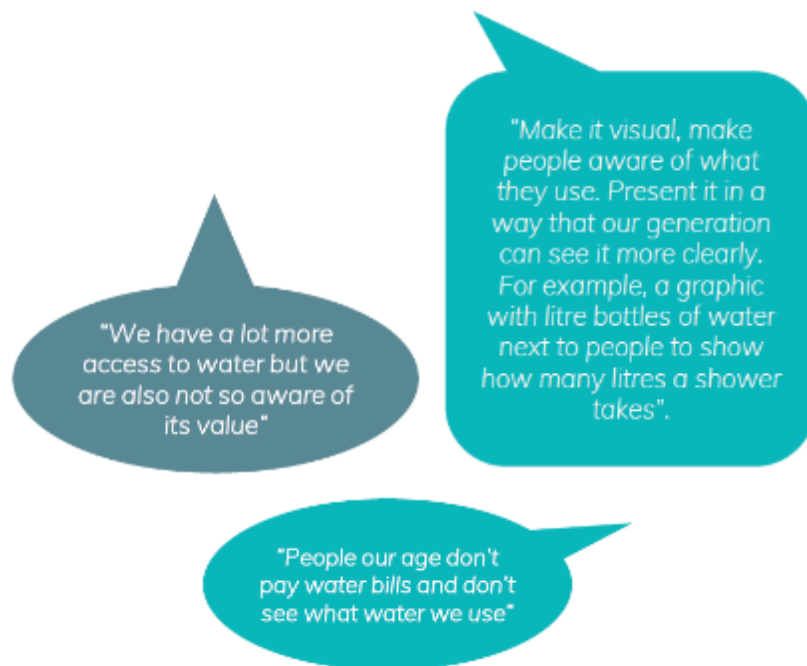
Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT
0117 966 5881

bristolwater.co.uk

Registered in England
No. 2662226

rather than reproaching people for lack of knowledge or their water use. Generally, the surveys carried out by the Youth Board participants suggested their peers were 11% less likely to prioritise water efficiency than current bill payers, because of the limited link to the environment and climate change that could be made. Our approach to water efficiency continues to target the next generation and use creativity as far as possible to make a positive difference, such as our school “decorate your water butt” competition.



The area we serve is a diverse set of communities, and it is important to current and future employees, as well as our customers, that we are inclusive in the way we meet individual needs. Our culture and values as an organisation require respect in order that we are trusted, and we are currently less diverse than the communities we serve (30% of our workforce is female, 25% in managerial roles 7% identify themselves from a diverse race, ethnicity and cultural heritage background, and 2% of our workforce is under 24 years of age). Our social contract plans for apprenticeship schemes, graduate placements and internships will help to address this imbalance.

"We were really impressed by how our school events were organised and delivered. There was a clear focus/aim for the children and the events had a big impact on them. The staff that came along were passionate about their work and engaged the children really well"

"We were unable to run the event that we had hoped to run in association with Bristol Water because of Covid and have not yet been able to establish whether to try and proceed with it for 2023"

"Any opportunity that looks for reducing the impact of chemicals on the environment would be interesting to work on."

"Many more quiet areas around the lake -as befits SSSI status."

Comments from the Local Community Satisfaction Stakeholder survey

"Fantastic in comparison to the other utilities. We know that if we have a client with water debt that is one thing we don't need to worry about and we know we will be able to sort it out in some way and help someone who is struggling."

"They are trying very hard but there is more they could be doing. They recognize that we need to save more water."

"The company does take their social responsibility very seriously. I work with firms who do little token things, but they seem to go quite far with it."

Comments from the annual stakeholder survey

We engage with stakeholders directly, but also through an annual independently series of in-depth interviews, which includes business customers. 88% felt Bristol Water compared well with other utility providers, up from 55% in 2020. The survey showed record positive feedback from our stakeholders. Local authorities commented on our roadwork performance, which varied but some recognised the improvements we had made, whilst others suggested we could improve communication further. Other stakeholders mentioned how helpful we were to other public services, for instance providing alternative supplies even when we weren't responsible for the issue.

Performance indicator	Scale used	Total 2017	Total 2018	Total 2019	Total 2020	Total 2021	Total 2022
Service received	Very good + good	85%	86%	87%	81%	77%	83%
Comparison other utilities	Very well + quite well	72%	60%	56%	55%	82%	88%
Doing business with	Very good + good	72%	70%	76%	72%	77%	92%
Good reputation	Agree strongly + agree slightly	66%	72%	75%	67%	69%	96%

We are conscious that we have a greater identify with the city of Bristol than other areas we supply, which is inherent in our name, and that affects stakeholder perception of our community impact. Stakeholders recognise that size sometimes appears to limit our ability to

Bristol Water plc

Registered Office: Bridgwater Road, Bristol BS13 7AT

0117 966 5881

bristolwater.co.uk

Registered in England
No. 2662226

communicate as effectively about the full range of our activities and to make changes, in particular for environmental challenges, as quickly as both we and our stakeholders would like.

Employee engagement remains a priority and was a key area of focus following our transformation during 2020/21. All the categories we monitor in our regular engagement survey showed improvements over last year, with an 8% increase in engagement overall. All of our managers took part in a structured series in house training during the year. This built on the increased visibility and awareness of the importance of leading and developing diverse teams, and developed the skills needed following the increased awareness of diversity, equality and inclusion following our “open mic” and employee blogs on their experiences in March 2021. We also began an “Aspire” programme for our future leaders to give them a grounding in expectations at an early stage of their career. We believe the improved performance of the business, in particular customer experience, has benefited from this focus. The purpose of the business makes a big difference to staff, whilst one disadvantage we have had as a small company is the ability to provide progression and career pathways. Pennon’s rationale in aiming for “the best of the best for the great South West” values both of these priorities.



“The purpose driven nature of the business. The commitment colleagues show every day, feeling that our business makes a difference to the customers we serve”

“More progression and development opportunities”

“Clearer pathway for progression at Bristol Water”

Staff comments in our engagement survey

Transparency, engagement and assurance

As well as the transparency of delivering our purpose through our social contract, another key priority for Bristol Water has been transparency on performance. In December 2021 we

again published a mid- year performance statement for the first half of 2021/22, reflecting the challenges we were facing to deliver the challenging targets we set ourselves. We also provided an update on our Resilience Action Plan progress, a commitment we made at PR19. This report included direct comparisons of our performance to the rest of the industry, reflecting our ambitions. Our interactive performance summary available on our website at the mid-year and year-end continues to help to promote easily accessible and transparent information on both our performance and future plans.

The Board takes transparency seriously and is responsible for supporting management in the decisions made. No decisions during 2021-22 were reserved for shareholders and no Board conflicts of interest were noted. Further details on our approach to Board leadership, transparency and governance is set out in our Risk and Compliance Statement. We were pleased Ofwat recognised during 2021 that we had been transparent on our dividend approach in line with the commitment we had made at PR19. We have updated the statement this year based on the experience of the first year of this level of transparency.

The Bristol Water Challenge Panel (BWCP) played an important role in providing a supportive challenge on our performance and customer engagement. One of our non-executive directors during 2021/22 provided direct access to the Board independent of management to ensure the importance of this role is reflected at Board discussions.

We contributed extensively to Ofwat's early consultations on the 2024 price review methodology, including producing two contributions to the "Future Ideas Lab", exploring our ideas on how to use customer and stakeholder views to make short term decisions in the context of what the water sector should do to build long term consensus and trust, as well as simplifying how incentives are set.

As part of West Country Water Resources we worked with others to produce a draft regional water resource plan for consultation in January 2021. This highlighted that our future water resources will need a mixture of reduced demand, both continuing to reduce our leakage as well as customer consumption. If Government targets for demand out to 2050 are met, then we may not need new water resource schemes, but we may still develop these as future water demand is uncertain and spare water could contribute to the regional and national plans for long-term water supplies.

We recognise that current inflation and cost of living increases are placing a financial strain on many parts of society. As a Board we will be reflecting on these challenges before we consider the Bristol Water charges for 2023/24 and beyond. This is in addition to the immediate benefit to Bristol Water customer bills from the Pennon acquisition.

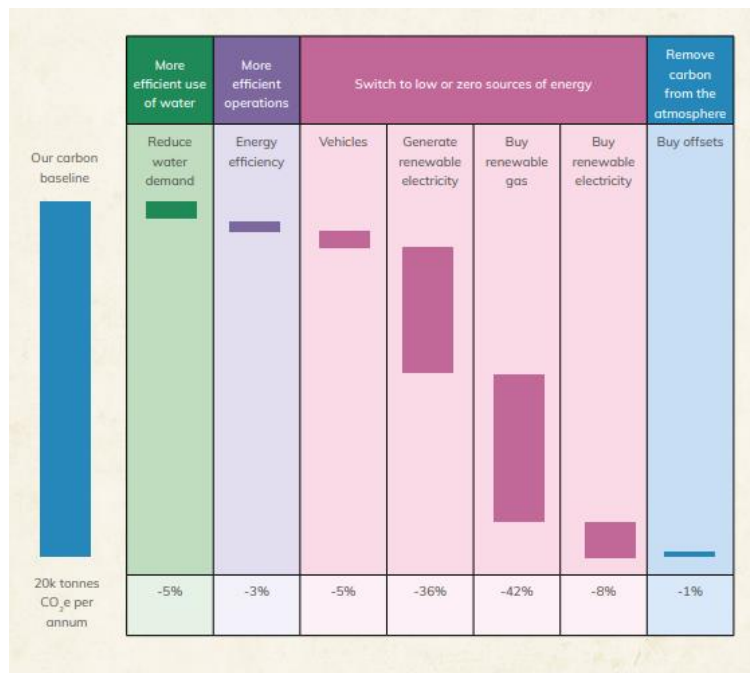
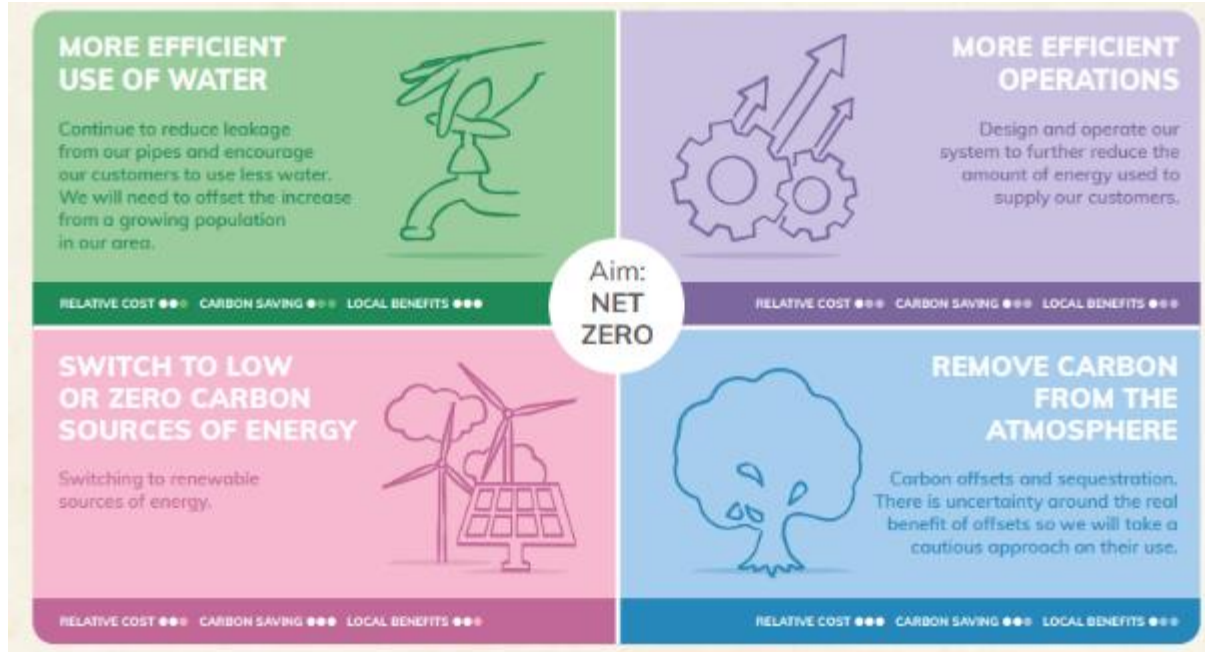
Recreation

Recreation at our reservoirs continues to be an important part of promoting water efficiency and our positive impact on the environment. A range of partners including the West of England Combined Authority, Bath & North East Somerset Council and Chew Stoke Parish Council worked with us on a new cycle trail at Chew Valley Lake. We also refurbished the playground as part of our birthday celebrations.



Carbon and net zero

Our operational carbon emissions were 20.2kt CO₂e, compared to 20.8kt in 2020/21, This is a 3% reduction on the previous year and a 53% per capita reduction since 2015. We have extended the operation of a whole network of automated pump scheduling and optimisation system to reduce the amount of energy we use to produce and move water to our customers. Additionally, we completed a programme of pump replacements and refurbishment, to improve efficiency. In July 2021 we published our "[net zero route map](#)", which set out the options for how we get to zero operational carbon emissions by 2030.



Innovation and Open Data

Many of our innovations in previous years, including our GISel smart water network, IPSOS pump scheduling and network modelling “digital twin” could be seen in our cost performance

this year (such as energy efficiency) and in performance for customers, such as on customer supply interruptions.

Our supply chain partners brought new innovations, such as a giant suction machine that reduces the risk of damaging utility cables during mains renovation, boosting health and safety and reducing risk of supply interruptions. Alongside our continuous water supply tech, innovation has allowed us to meet cost and performance targets whilst also giving customers great service. Another important innovation allowed us to pilot substituting a particular chemical at one of our treatment works with a cheaper and better alternative.



We were successful in the Ofwat “Water Breakthrough Challenge” competition with our Flexible Local Supply Systems project, which was awarded over £620,000 to pilot a novel solution to drought planning while reinventing the water retail market as we know it. The first of its kind project will pilot the design of localised third-party water supply and treatment, seeking to overcome current market blockers. The project could deliver huge benefits for drought resistance and put more freedom into the hands of water retailers to incentivise business customers to save water. We are delighted to be working with our partners at RWE, Castle Water, Binnies and the University of the West of England on this exciting project.

We are supporting three other projects that are being led by other water companies, providing time, data and expertise as the focus on future innovation in the water sector continues to grow. These are the environment DNA project, the follow on “to mix or not to mix” project, and a field lab project.

As well as these innovation projects, we have a number of open data work areas within our social contract, including in support of vulnerable customers.

Progress against plan commitments

We summarise below our progress against the wide range of commitments we made as part of our 2020-25 business plan, our resilience and vulnerability action plans, and our social contract.

Plan commitment	Detailed plan	2021-22 progress	Status and actions taken
Excellent Customer Experiences	Affordability for all - lower bills for customers.	Our range of social tariffs continue to expand and bills on average will be lower across 2020-25 than 2014-15 levels as we plan to spend efficiently against our allowances. We introduced Covid assist for those in temporary difficulties and offered a two-year money back guarantee to provide customer support with opting for a meter.	On track
	Achieving customer excellence.	Our improving customer experience has our position of 6th for customer experience across the industry. We were in the top 10 of all companies across sectors for complaint handling in a recent survey by the Institute of Customer Service.	On track
	Inclusive services - that meets customers' individual needs, especially when they are most vulnerable. Aiming for zero water poverty.	Our uptake on social tariffs has increased by 4% to 21,209, ahead of the target of 20,705. Falling incomes under Covid-19 and inflation has however increased water poverty to 0.7%. This was a 0.1% increase over the last year due to our targeting of support despite challenging circumstances but remains above our target of zero. Vulnerable customer satisfaction was 89%, ahead of the target of 85%	Marginal

Plan commitment	Detailed plan	2021-22 progress	Status and actions taken
Local community and environmental resilience	Reducing leakage	We are the only company to have already met the 2030 leakage target in Water UK's leakage route-map. Although there remains a challenge over the next three years to make further reductions down to 32MI/d, we have so far delivered an 11.5% reduction since 2020, 19% since 2017 and 30% since 2015.	On track
	Promoting water efficiency and metering	Metering has improved over the last 12 months to 62.4% and we continue to progress towards our 75% ambition for 2025. The trend of metering increased as we enhanced promotion and offered a two-year money back guarantee to those who want to try a meter.	Area of focus
	Bristol Water for All - accountable to the community partners we work with for the wellbeing of society	Our local community stakeholder satisfaction survey reached 93% satisfaction, an increase from 88% in 2021 as we restart a number of initiatives put on hold during covid-19.	On track
	Building biodiversity and protecting the environment	Our biodiversity index mechanism tracks our performance to ensure there is net gain to the environment on the land we own and manage. Social contract initiatives support this, and we planted 931 trees as part of the Queen's Green Canopy initiatives for the Platinum Jubilee	On track
Safe and reliable supply of water	Improving water quality - including contacts for discolouration and taste	Water quality appearance contacts performance was adversely affected this year but reduced recently as a result of our investigations into the range of causes. Water quality compliance (CRI) also remains an area of focus - the total number of failures were similar to previous years but failures from samples taken at larger treatment works, had a high weighting on this index.	Area of focus

Plan commitment	Detailed plan	2021-22 progress	Status and actions taken
	Reducing supply interruptions	Supply interruption performance in 2021/22 has improved significantly from 2020/21 with performance of 2.5 minutes compared to the target of 6.1 minutes. This is due to our smart network modelling and operational response measures such as Continuous Water Supply.	On track
	Resilience – boosting protection	Mains repairs and other asset health metrics all met or were better than target. Targeted investment in mains replacement for asset health, water quality, leakage and supply interruptions will continue to ensure there are improvements in the network performance over time.	On track
Corporate and financial resilience	Target an industry upper quartile or better efficiency position	We are on track to achieve our efficient cost allowances over 2020-25, aided by the impact of the transformation programme.	On track
	Reduce void rate to 1.8% (c1,000 fewer household voids)	Void levels remain stable and on track to meet target. We meter empty properties where possible so we can ensure voids are kept to a minimum if usage occurs, which minimises bills to other customers.	On track
	Fair and transparent remuneration and dividend policies	Ofwat recognised in 2021 that our dividend approach generally met expectations, in line with the commitment we had made at PR19. We have updated the statement this year to further improve this level of transparency.	On track
	Sharing scheme linked to delivery of community benefits and customer satisfaction	The acquisition in June 2021 of Bristol Water by Pennon, will allow customers, to benefit through a lower bill from 2023/24 as the higher financing cost allowance Bristol received as a small company, will be removed. Customers will benefit through the WaterShare+ mechanism, which shares the benefits of outperformance with customers, and also provides the opportunity to take a stake in the business.	On track

Plan commitment	Detailed plan	2021-22 progress	Status and actions taken
	Zero tolerance for health and safety failures	Health and safety remains an area of focus as we did not meet our stretching internal targets for our staff and contractors. Leading indicators of health and safety such as near miss reporting and leadership visits met their targets, reflecting our strong health and safety culture.	Area of focus
	Resourcing and development strategies to ensure that staff capabilities match our changing needs.	We ran the first "Aspire" programme for our future leaders to give them a grounding in expectations at an early stage of their career. The Pennon acquisition provides progression and career pathways not available in a small company and is an opportunity as we plan the future together.	On track
	Deliver the Resilience action plan as set out in Bristol Water Clearly	We remain on track to deliver our resilience action plan with updates reported in our 2021 mid year report.	On track