



Portsmouth Water
Your water, your say

YOUR WATER, YOUR SAY - YOU SAID, WE DID

The document below outlines our response to challenges raised at our first Your Water, Your Say (YWYS) session in May 2023 and from wider customer engagement. The document outlines where we have made changes to our Business Plan based on challenge at the first session and, where applicable, reasons for not doing so.

In this document, we have focused our response on the key issues raised at our first YWYS session but can confirm that our entire Business Plan has been heavily informed by customers and stakeholders.

More information on how we have engaged with and understood our customers and communities can be found here - [PRT03 Engaging and Understanding Our Customers and Communities.pdf](#) (portsmouthwater.co.uk).

AFFORDABILITY

You Said	We Did
<p>We originally outlined in our first Your Water, Your Say session, and in our joint Affordability and Acceptability Testing (AAT) with Southern Water, a bill increase of 22%.</p> <p>67% of customers in our AAT said our original proposed 22% increase in their water bill would be very easy, easy or neither easy nor difficult to pay.</p> <p>A question in our Your Water, Your Say raised concern over bill affordability, especially for customers struggling to pay.</p>	<p>In response to the feedback from the Your Water, Your Say and AAT, we challenged our expenditure even further to reduce the increase to 19% to further aid affordability. This results in the lowest proposed water bill increase in monetary value in the industry.</p> <p>More information on how we'll make the step change to meet the challenges of the future while keeping bills affordable for all is set out in section 4 of our Business Plan - Business Plan 2025-2030 Portsmouth Water</p> <p>More information on help with bills available now can be found on our website - Help with my bills Portsmouth Water</p>

We recognise our services need to deliver great value for money and that sometimes our customers need extra support in several areas.

In our vision we commit to provide an affordable, reliable, and sustainable supply of high-quality water for our customers and our priority is to make water 'Affordable for all. Always'. We've also committed to all customers in water poverty having support options available to them by 2030.

We currently have the lowest water bill in England and Wales and we're one of the most efficient and best performing companies in the industry. We have committed to keeping customers' bills as low as we can, however we must invest wisely to make sure we can continue to deliver the high standards of service our customers expect and go further in those areas where customers have expressed a willingness to support faster progress or more investment.

We carried out Affordability and Acceptability Testing (AAT) with our household and non-household customers in the summer of 2023, using a common methodology defined by Ofwat to allow comparisons across water companies. This testing was done in collaboration with Southern Water, as the wastewater provider in our area to ensure that our customers understand the impact of changes to both their water and wastewater bill before making decisions. We also tested bill impacts as part of our first Your Water, Your Say session and through other customer engagement.

We originally outlined in our first Your Water, Your Say session, and in our joint Affordability and Acceptability Testing (AAT) with Southern Water, a bill increase of 22%. 67% of customers in our AAT said our original proposed 22% increase in their water bill would be very easy, easy or neither easy nor difficult to pay. A breakdown of the results from our AAT are below:



Affordability of water only bills up to 2029-30



Easy to afford

28%

25%

40%

Difficult to afford

29%

28%

33%

■ Very easy

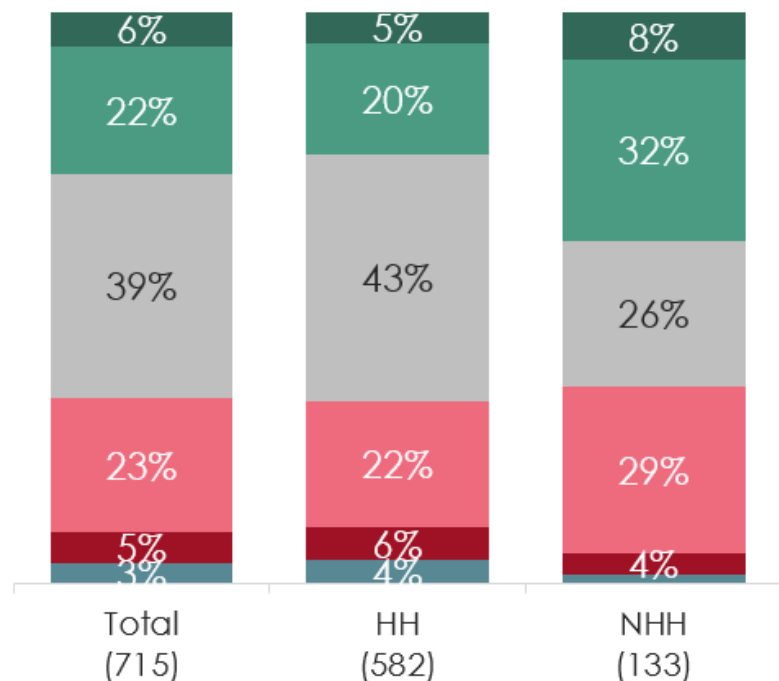
■ Fairly easy

■ Neither easy nor difficult

■ Fairly difficult

■ Very difficult

■ Don't know / can't say



We also had a question in our first Your Water, Your Say raised concern over bill affordability, especially for customers struggling to pay.

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More information on help with bills available now can be found on our website - [Help with my bills | Portsmouth Water](#).

HAVANT THICKET RESERVOIR AND THE HAMPSHIRE WATER TRANSFER AND WATER RECYCLING PROJECT

You said	We did
<p>You raised concerns over the proposed Hampshire Water Transfer and Water Recycling (HWTWR) Project being developed by Southern Water.</p>	<p>We take your concerns regarding the Havant Thicket and HWTWR Project very seriously.</p> <p>We have already and will continue to complete extensive customer and stakeholder engagement on the project to ensure that all views are heard, and concerns addressed. This includes setting up an Advisory Sub-Group specifically on water recycling.</p> <p>An update on progress in delivering the Havant Thicket Reservoir for our Customers and the Region can be found in our Business Plan - PRT02 Delivering Havant Thicket Reservoir for Our Customers and the Region.pdf (portsmouthwater.co.uk).</p>

The Havant Thicket Project is a significant project for us and will play a key role in securing supplies for the wider South East. Its development is underway and it's due to be supplying water soon after 2030. It will be filled with spring water during winter and is being progressed in a partnership with Southern Water.

It is being paid for by their customers, as it will free up our resources to share with them in Hampshire. It's a vital step to reducing the amount of water Southern Water takes from globally rare chalk streams – the Rivers Itchen and Test – to supply their customers. For our communities, it will also bring a visitor centre with education facilities, a café, paths, and bird watching, and a wetland to support threatened bird species.

Having developed plans for our Havant Thicket Project, we are now engaged in the next phase of regional water resource planning and are working with Southern Water to support the Hampshire Water Transfer and Water Recycling (HWTWR) Project.

Southern Water is developing plans for the HWTWR Project, which, if approved by regulatory bodies, will see an additional deployable output of up to 90 million litres a day being sourced from the Project by supplementing the reservoir with high-quality recycled water. If approved, the HWTWR Project will provide further benefits to protect globally rare chalk streams and provide increased certainty around water supply resilience for the whole South East region.

This recycling proposal requires a new planning application and is not part of the current reservoir project. Southern Water will be running a consultation on it next year and we'll be working more with our customers to hear your views directly. We're liaising with Southern Water on the proposal and we will only support it if we're satisfied with its quality and safety and that there will be no adverse impact on our current reservoir plans. More information on the reason for the HWTWR Project can be found in Revised Draft Water Resources Management Plan - [Water Resources Planning | Portsmouth Water](#).

We're also currently running a consultation on an updated approach for the pipeline which will be used to fill the reservoir and you can find out more and take part on our website - [Reservoir pipeline | Havant Thicket Reservoir project \(engagementhq.com\)](#).

SECURING SUSTAINABLE SOURCES OF WATER FOR THE FUTURE

You said	We did
In the first Your Water, Your Say session, you reiterated the importance on planning for the future and ensuring a secure water supply.	After feedback from customers and stakeholders from extensive engagement, including our first Your Water, Your Say session, we have increased our ambition in leakage, one of the most important areas for our customers. This has led us to bring this delivery target forward by ten years to 2040.
You also raised concerns around abstraction from the river Ems	We will continue to work collaboratively to develop catchment and nature-based strategies and delivery plans, such as the River Ems Chalk Restoration Scheme.
You also raised concerns over the impact of additional housing development on our future water supply.	<p>We are supportive of the aims of water neutrality to improve building standards and reduce our demand for water, and recognise concerns raised in the first Your Water, Your Say on progress made nationally on improving building regulations.</p> <p>We acknowledge water neutrality is challenging and that we cannot do it on our own, but we will continue to work closely with other stakeholders to deliver a sustainable outcome.</p>

We agree with the high importance our customers and stakeholders place on planning for the future and ensuring a secure water supply, including from several participants of our first Your Water, Your Say session, and have increased our ambition by reducing leakage by 50% ten years earlier than government targets.

Our vision statement ‘Excellence in Water. Always.’, sets out our ambitious vision for the next 25 years, operating against the backdrop of climate change, population growth and a changing world. It outlines our commitment to provide an affordable, reliable, and sustainable supply of high-quality water for our customers. By being smart in our approach, we will work with our local communities to meet our goals while protecting and enhancing the environment for future generations. Our vision is available on our website - [Business Plan 2025-2030 | Portsmouth Water](#).

We have identified four priorities that will support the delivery of our vision, which are set out below:

- Secure and deliver water supplies which are high quality, reliable and sustainable,
- Work in partnership with our customers, communities, and stakeholders,
- Invest in the future to meet growing environmental challenges, and
- Achieve affordable water for all. Always.

The four principles are central to how we’ll realise our vision:

- We focus on customers’ priorities: We put our customers first – pushing the boundaries of our performance with the environment at the heart of our decision making. As a company rooted in

our communities, we are committed to increasing our customers' voice in our planning and delivering their priorities.

- We are smart about water: Being smart about water means embracing innovation, the digital revolution, and new ways of working. This is most clearly demonstrated in this rdWRMP24 by our preferred option to deliver universal household smart metering to help our customers manage their water use. By reducing unnecessary water waste, providing customers with information about their water use, and helping leaks to be identified and fixed more quickly, this philosophy is essential for providing excellent high-quality services, fit for future generations.
- Our plans are adaptable to future challenges: We know the future contains challenges and there is a lot of uncertainty around exactly how these will impact us. We also know unexpected events can have dramatic impacts. The adaptive planning approach we have used to develop this rdWRMP24 helps us choose options now that will prepare us for a range of possible futures. It means we understand when and what the key decision points are to ensure we can adapt to whatever the future holds – developing flexible, long-term plans so we can change course if we need to.
- We run our Company responsibly: We're accountable to our customers, stakeholders and colleagues and take responsibility for our decisions. We're honest, transparent, and fair in everything we do. We uphold the highest standards of leadership, transparency and governance and maintain a resilient financial position.

More information on water resource planning can be found in our Revised Draft Water Resources Management Plan - [Water Resources Planning | Portsmouth Water](#) and in our section 4 of our Business Plan - [Business Plan 2025-2030 | Portsmouth Water](#).



METERING AND A CONNECTED FUTURE TODAY

You said	We did
Concerns were raised in our first Your Water, You Say session regarding the impact of metering on affordability for high-occupancy households and those struggling to pay.	<p>Throughout our customer engagement, including in our first Your Water, Your Say session, we have explored views on metering, water use and smart meters. Concerns and solutions raised were tested in quantitative research, with vulnerable and future customers.</p> <p>We have committed to continuing to explore innovative tariffs, transition periods, and support options with customers when developing our delivery strategy.</p>

Rolling out a universal smart metering programme for our household and non-household customers and transforming their connection with us and their water use is a fundamental cornerstone of this business plan and our long-term resilience strategies. Your views on this subject are very important to us.

We have explored your views on metering, water use and smart metering in our draft Water Resources Management Plan and vision consultations, and we have also carried out dedicated research on the assumptions and required benefits of smart metering.

Our research has shown that customers support universal metering providing safeguards are put in place for customers struggling to pay. 7 in 10 customers support smart meters once the benefits are communicated, whilst customer-side leak reduction is also seen as a positive benefit.

There is concern about paying more from high-occupancy households and those struggling to pay, and we have committed to continuing to explore innovative tariffs, transition periods, and support options with customers when developing our delivery strategy. For instance, we are creating a bespoke package of support for customers who need it during metering, which is being developed based on customer engagement and will focus on vulnerable, digitally disengaged, minority and hard-to-reach customers.

We will also work in partnership with industry experts to use the latest behavioural science and customer segmentation to ensure communication and information is meaningful to customers. The Portsmouth Water / Kraken Water Lab, as an example, will help us trial new techniques and tariffs quickly, and we will work with CCW as a founding member.

More information on our smart metering programme plans can be found in section 4 of our Business Plan - [Business Plan 2025-2030 | Portsmouth Water](#).

MAINTAINING HIGH-QUALITY, RESILIENT SERVICES FIT FOR THE 21ST CENTURY.

You said	We did
You raised concerns over water pressure on specific parts of our water network.	We acknowledge concerns regarding water pressure on our network raised in our first Your Water, Your Say session and will continue to actively optimise water pressure to meet customer expectations whilst also ensuring the longevity of our underground assets.

We need to make sure our infrastructure assets remain fit for the additional challenges we face because of climate change, less spare capacity of water in our region and rising customer expectations. We must also make sure we address threats to our raw water quality from increased nitrate and other contaminants and protect against cyber and physical security risks.

Our current performance reflects significant investment to date in our underground network. We have shown leading performance on interruptions, mains repairs, leakage, customer service and water quality contacts, which our customers want to continue.

However, the spare capacity and resilience we've historically relied on to see us through shocks and stresses is reducing for many reasons and we've reached a point in our cycle of investment where we need to invest to remain resilient to today's and tomorrow's challenges and maintain the water quality standards our customers expect and outlined in our first Your Water, Your Say session.

To support our continuous improvement and to meet these challenges, we recognise we need to make a step change in our asset management capabilities and have set out several key investments required. More information on these investments is set out in Section 4 of our Business Plan - [Business Plan 2025-2030 | Portsmouth Water](#).

DIVIDENDS AND EXECUTIVE PAY

You said	We did
<p>At our first Your Water, Your Say session, we were challenged on our amount of customer money paid to directors and shareholders.</p>	<p>Investor support is important, and our investors have already committed £170m of their own money to support our plan.</p> <p>Our aim is to pay a fair return to our investors than is linked to performance for customers. Where we don't deliver on our promises to customers, we will reduce dividends and give money back to customers through lower bills.</p> <p>The same principle applies to executive pay and bonuses. We've reviewed our policy on executive pay and performance-related pay. All our employees now have a performance-related pay structure aligned to delivering for our customers, community, and the environment.</p>

We can confirm that we have a resilient capital structure and are well positioned for the step up in investment required in 2025-30, and our shareholders are supporting our plan by providing £170m of their own money to support the investment needed by 2030.

To deliver our plan for our customers, including the necessary step up in investment, it is critical that we can raise finance at reasonable rates and dividends are an important part of the return to shareholders for their investment. We can confirm that under our published dividend policy, actual dividends will reflect the performance we deliver for our customers and the environment.

At our first Your Water, Your Say session, we were challenged on our amount of customer money paid to directors and shareholders and we provide reasoning for our decisions below.

Dividend Policy

Our dividend policy maintains a base return of up to 4% on shareholder investment but this is subject to delivering on performance for customers. This is in line with guidance Ofwat guidance.

Our Board oversees the process for approving dividends. This includes an assessment process to adjust dividends. This is outlined transparently in the dividend policy published annually in our Annual Performance Report. Our latest report can be found here - [PW Annual-Performance 2023 FINAL.pdf \(portsmouthwater.co.uk\)](#)

The purpose of the policy is to act as a mechanistic guide to enable our Board to assure and approve dividend payments. It covers all payments to shareholders including inter-company interest and loan repayments. The approach aims to provide transparency for customers on the assessment of dividends. Where we have not met our performance commitments, we reduce payment to shareholders and this money is returned to customers.

Executive Pay

We have reviewed our policy on executive pay and performance-related pay. All company employees now have a performance-related pay structure aligned to delivering performance for customers and the environment.

We have listened to the industry concerns about executive pay and bonuses in the water sector. We made changes this year to ensure greater than 60% of measures in the short-term and long-term components of executive pay are aligned to delivery for customers and the environment. The targets for 2023-24 to include new measures on total expenditure, health and wellbeing and community initiatives.

Our board scrutinise our performance and are responsible for setting our performance targets. Our targets are linked to the performance commitments in plan approved by Ofwat. Where there isn't a specific target in our plan, we target upper quartile performance in the absence of specific performance commitments.

We are also including new provision in our directors' contracts to claw back or withhold bonus payments if for any reason performance was overstated or problems emerge in the future

More on financing our plan can be found in section 7 of our Business Plan - [Business Plan 2025-2030 | Portsmouth Water](#).

