

Chief Executive Officer's statement

Focused on delivering for our customers and communities

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Ian Cain
Chief Executive Officer

During the last 12 months, the world around us has continued to face significant challenges. The economic downturn, increases in inflation, and the war in Ukraine have all had a significant impact. Our business has not been immune from these challenges, and they come at a time when the water industry is addressing a number of negative perceptions, including summer hosepipe bans, sewage concerns and supply interruptions.

During the past year, the industry has been rightly scrutinised by the Government and our regulator due to the ongoing sewage discharge investigation. While we are a water-only company, the issue affects the reputation of the whole sector, and we understand why this has angered so many people. We remain in full compliance with all our water abstraction and discharge licences and are strongly committed to protecting our environment, both now and in the future.

Personally, I feel there is more we can do at an industry level to make sure we are all joined up and acting as one connected infrastructure, so that the benefits are felt for years to come. As a Board and as a leadership team, it is our responsibility to collaborate with employees across other water companies and continue to play an active role within groups such as Water Resources South East (WRSE), which is an alliance of the six water only companies that cover the South East region of England.

Our shareholders have engaged financial advisors to undertake a strategic review of the business. This type of review is not uncommon and is regularly undertaken by shareholders. Whatever the outcome, our focus remains on delivering for our customers, communities, environment and people.

The current economic climate has proved to be a challenge for our business in the last year with high levels of inflation increasing our supply chain and financing costs, and, combined with higher levels of activity across our network to deliver for our customers, our profitability has decreased compared to prior year. Further detail on these financial challenges is provided in the Financial review on pages 56 to 60, including how we have maintained our financial resilience in such challenging economic circumstances.

Whilst operational performance remained strong throughout the full year to 31 March 2023, the Board determined not to declare a final appointed dividend payable in respect of the year ended 31 March 2023 having reflected on the financial results for the year, the pressures on gearing and financial resilience in the high-inflation economy and the increased levels of uncertainty in the context of the shareholders' strategic review.



Cost of living: Fair prices and help when you need it

Most customers do not normally struggle to pay their bill, but understandably this year, with cost of living increases, we've seen an increased focus on affordability across our customer base.

We don't want any of our customers to worry about paying their water bill, which is why we're continuing to provide 'Here For You', our financial support programme, which includes: 'Breathing Space', a payment pause scheme for people struggling financially, WaterSure, a capped tariff for eligible customers, and Water Support, a 50% reduction on some bills.

→ Read more in our [Performance review on page 35](#)

Despite these challenges, I'm pleased we've continued to deliver on our performance commitments, while continuing to provide a resilient, service, of the highest quality.

Undoubtedly the biggest short-term challenge for many of our customers is the cost of living crisis, which unfortunately looks set to continue for some time.

We have continued to provide financial support for customers through our 'Here For You' programme and have focused on ensuring that our support reaches those who need it the most. It's pleasing to see that we are still meeting our commitment to support the number of people we said we would in our Business Plan from an affordability perspective.

We're also working with other local organisations to expand our reach and remove the barriers to access this support. Furthermore, we've provided training to all our advisors to help them identify where customers may be struggling financially and proactively offer applicable support schemes and affordable payment options.

Thanks to improvements we've made in the way we process data, we now have a deeper understanding of our community and the people within it. We've therefore been able to identify more opportunities where we can help our customers. A good example of this is the data sharing initiative that we've entered into with other water companies and energy networks, ensuring that it's easier for customers to access the help they need.

Chief Executive Officer's statement continued

We are really proud to have again delivered against our leakage target. This has been challenging for every water company in our region, especially in a year where we've been impacted by drought and, due primarily to weather conditions, significantly more bursts in our network.

While we've thankfully not had many supply interruptions in the past year, there's no doubt the level of bursts we've seen has been in excess of what we would normally expect. We have worked extremely hard to minimise the impact for our customers. The combination of the investment we've made in our intelligent network, our early alert systems and the skill of our operational teams to manage them, has been significant in addressing this issue. Our work in this area was recognised at an industry level when we picked up the Innovation Award at the annual Utility Week Awards for our fully smart network – an achievement which we are extremely proud of.

By adopting new ways of working, we now have quicker ways of responding across the business. In particular, we've seen a notable improvement in how we manage our customers' bills since we introduced a new billing system last year. As a result, I was pleased to see the cycle of annual billing for 2023/24 was a lot smoother and more accurate across the board, which is of course better for our customers and has led to fewer billing queries coming into us. I am proud of the fact that we have also delivered our most consistent telephone answering performance in three years, and helped our debt collection by establishing a more commercial and targeted approach to collections.

From a commercial viewpoint, and in this tough financial landscape, we must make sure we are operating as efficiently as we can and getting value back from every investment we make. A good example of this is the roll-out of our new 'MyAccount' online billing portal, where customers can easily self-serve and manage their bills. By making assets like this work harder for us, we'll be in a better position to deliver on the promises we have made to our customers, all the while achieving the stretching targets our regulator has set us.

To have met these commitments against the backdrop of financial challenges and the supply chain issues we are experiencing is a testament to the teams across SES Water and, I feel, shows all the signs of a thoughtful, ambitious, and progressive business.



All of the work we do is consistently scrutinised and challenged by both our Environmental Scrutiny Panel (ESP) and our Customer Scrutiny Panel (CSP). Both groups play a key role in monitoring our performance and challenging our progress on improvement plans. We welcome their constructive feedback, and I would like to thank the members on both panels for their continued support.

In addition, we have continued to listen to our customers. Their feedback comes from both our day-to-day interactions with them, as well as undertaking more detailed research to help us understand their expectations. We've set up new forums to get a better understanding of the needs of both our vulnerable customers and our future bill payers. In addition, over the course of this year, we regularly attended community events, have recorded more than 1,100 customer conversations, and are continuously working to identify new partnerships to include all parts of our community.

Alongside our customers, our people are our biggest priority and, as a business, we've responded responsibly by providing easily accessible mental health and wellbeing support.

We also ran six events to formally launch our company purpose to our people. This brought to life our purpose – to harness the potential of water to enhance nature and improve lives – setting out what it means to work for a company like this and the bold goals we have for the future.

As we look ahead, we want to be a company that our customers trust – a business that is known for always doing the right thing. We have really ambitious goals to reduce per capita consumption (PCC), which relies heavily on our ability to change customer behaviour. We want to bring our customers with us on this journey, creating water conscious consumers who will work with us to willingly reduce their water footprint.

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We want to be the water company that is renowned for service excellence, the company that not only meets but exceeds our customers' expectations – getting things right first time, all of the time. We want to build a relationship with customers that runs through their entire experience with us, ensuring that every interaction they have with us delivers the same consistent level of high service, that they will come to expect.

As we start to build on our long-term delivery plan for the next 25 years, we're doing so on a resilient platform which puts us in a strong position. I'm looking forward to getting a plan across the line which is both realistic and ambitious in equal measure and one which is exciting in terms of what this company can achieve in the future.

Overall, I'm tremendously proud to work for a business which tirelessly puts its customers first each and every day. Our strong ties with the local community have been built over years of hard work and determination, and I feel privileged to be working with such an exceptional team to deliver the next chapter of the Company's history.



High-quality water all day, every day

We pride ourselves on producing high-quality water and for all water companies this is measured against the Drinking Water Inspectorate's (DWI) Compliance Risk Index. Our sampling programme includes testing the quality at treatment works, water storage reservoirs and towers, and visiting customer properties to test the quality of water at their kitchen taps.

•→ Read more in our Performance review on **page 34**

Ian Cain
Chief Executive Officer
14 July 2023