

WELCOME FROM HEIDI

Welcome from Heidi



Welcome from Heidi

Our purpose is caring for the essential needs of our communities and environment, now and for generations to come. We do this by providing reliable and affordable water and wastewater services for our customers. We make a positive difference by operating efficiently and investing prudently, to maintain a sustainable and resilient business.

Our business's success has therefore never been based on financial value alone. I am pleased to introduce the first edition of a new-style annual report, which will tell the story of the rich contribution we make as we live up to this purpose.

In the last 12 months we have embarked on a major project to re-define our corporate purpose and embed it within our business. You can read more about this on page 6.

As we carried out that work, I was reassured and delighted to hear from employees, customers and stakeholders that they already identified NWL as a business with a strong public purpose. Therefore, while the words in the statement may be new, I firmly believe that they describe something that has long been a core part of our company's DNA.

This new Our Purpose report, which builds on the Our Contribution reports that we have published over recent years, tells the story of how we have implemented that in 2020/21.

First and foremost, our core role is as a provider of water and wastewater services. That places us at the heart of our communities and our natural environment, and caring for them is always our priority.

In the last 12 months we have embarked on a major project to re-define our corporate purpose. Over the course of that year, the continuing challenges of COVID-19 not only underlined the critical nature of our services, but brought into sharp focus the need to deliver them in a way that exemplified our commitment to our colleagues, customers and community. This commitment is something that is deeply embedded within us, and the wider examples of the work that we do illustrate that.

This report sits alongside our **Annual Performance Report**, and our **Financial Statements**, which provide detailed information on our regulatory and financial performance.

Our intention over the next 12 months is to refine the measurements that we will use in the years ahead to track the extent to which we fulfil our purpose in a similarly transparent way. We are also working to introduce our new Service Planning Framework, a tool that will help us assess the wider value of our investments and consider how they align with this purpose.

I hope you enjoy reading about our progress to date, the examples of our valuable contribution, and the data that underpins it.

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H Mottram CBE CEO

About us

Our vision is to be the national leader in sustainable water and wastewater services.

Northumbrian Water Limited (NWL) operates in the north east of England, where it trades as Northumbrian Water, and in the south east of England, where it trades as Fssex & Suffolk Water.

We supply water and sewerage services to just under 4.5 million people.

Water is supplied to 1.8 customers in Essex and Suffolk, with water and sewerage services provided to 2 million customers in the north east of England.

Every day we supply 1,104 megalitres (1.1 billion litres) of water. This water is drawn from reservoirs. rivers and groundwater sources. It is treated at our water treatment works before it is delivered by a network of pipes to homes and businesses.

In the north east of England, where we also provide sewerage services, wastewater is then collected from these properties via the sewerage network and treated at our sewage treatment works before it is returned to the environment as either clean water or sludge which can be recycled as fertiliser or used to generate energy.

Our water and sewerage services in the north east cost an average householder 89 pence per day and in Essex and Suffolk 61 pence for a water only service.

We operate and maintain:

- 53 water treatment works:
- 394 water pumping stations;
- **341** water service reservoirs:
- 26,200km of water mains;
- 410 sewage treatment works:
- 1,007 sewage pumping stations: and
- 30,106km of sewers.





OUR PURPOSE

Our Purpose

"

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Our purpose

Caring for the essential needs of our communities and environment, now and for generations to come.

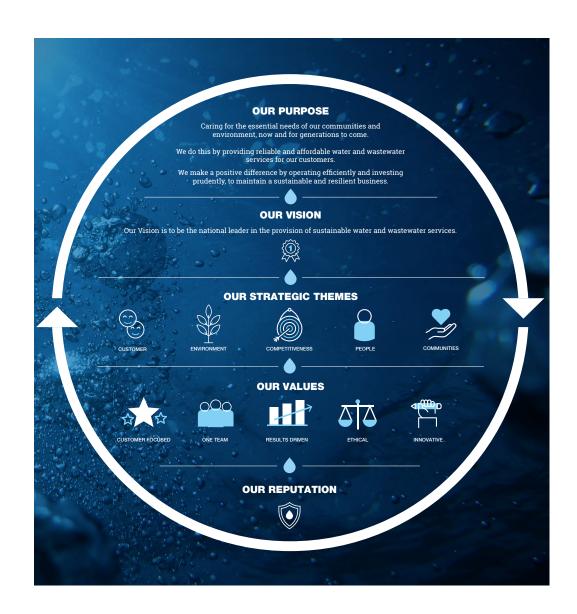
We do this by providing reliable and affordable water and wastewater services for our customers. We make a positive difference by operating efficiently and investing prudently, to maintain a sustainable and resilient business.

We signalled in last year's Our Contribution report our intention to review our purpose statement in order to ensure it will resonate with our colleagues, customers and stakeholders now and into the future; and that it effectively describes our public value ethos.

Since then we have worked with Business In The Community to develop a detailed research and engagement programme, to help us both learn from best practice elsewhere, and understand how we could best communicate our reason for doing what we do.

As a result of this process, we have a powerful new statement that explains what has consistently driven us as a business. We also have a fresh commitment to ensure we demonstrate accountability for living up to this purpose.

Our next steps will be to consider the best measurements we can use to track how effectively we implement our purpose. Future editions of this report will show our progress against those measures.





WATER FORUM REPORT

Water Forum report



Water Forum report

Customers expect their water company to be socially and environmentally responsible; and we believe that NWL has done exceptionally well, in an exceptional year, to act in a way that's consistent with its purpose – the stories in this report help bring this to life and we encourage all customers to read them, and to get involved in any that interest or inspire them.

From a customer and community perspective, we commend the support that the company has given to England's vaccination programme; the support given to home-based online learning by funding laptops for school children; and the 'Water Without the Worry' campaign to provide support to customers who have struggled to pay their bills.

We were impressed by the measures that the team took to keep its own Key Workers safe as they helped to keep the water flowing for millions of people; by how quickly the contact centre team was enabled to work from home to handle queries and problems for customers; and by the mental health support offered to all its employees.

As you can read in the accompanying Annual Performance Report, there are areas of NWL's core business that we have highlighted need improving for customers; and through our independent challenge we will continue to offer scrutiny in these areas.

We were impressed by the measures that the team took to keep its own Key Workers safe.

Faced with extraordinary circumstances and challenges, companies have revealed their true colours during the pandemic, and many have focused only on their core business. We believe that this Our Purpose report demonstrates that NWL has gone beyond simply providing water and wastewater services to reveal that it genuinely cares about the essential needs of its communities, its colleagues and the environment.

6 · Living our purpose

Melanie Laws

Water Forum Chair



OUR HIGHLIGHTS

4 Our highlights

Our highlights



30.2km

Water Environment Improvements



+45.1

Net Promoter Score (NPS)



£60,000

awarded to local environmental projects through our Branch Out fund in 2020/21 we attracted match funding worth £2m



58p

in every £ is spent with local contractors



1,878

renewable electricity
which means we eliminate the equivalent of
87,000 tonnes of Co₂ emissions every year

of our sites are powered by



86%

employee engagement survey participation



£15,759

donated to local groups through our Community Foundation funds



9.3

satisfaction of customers who receive additional financial support (/10)



KEY DATA

5 Key data

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Key data

| Measure | Commitment | 2020/21 | 2019/20 | Performance comment |
|--|------------|--|------------|--|
| Communities | | | | |
| Just an Hour | 50% | 17.90% | 42% | We supported 230 charitable and community organisations through volunteering, with 17.9% of our employees taking part. However, a large number of events that colleagues would normally support as part of Just an Hour activity did not take place in 2020 due to the COVID-19 pandemic restrictions and we were unable to meet our target. |
| Museum visits | No target | Museums closed due to COVID restrictions | 30,211 | Museums were closed due to the COVID-19 pandemic restrictions. |
| Community Foundation donations | No target | £15,759.00 | £18,487.00 | Supports 1% pre-tax profits commitment. |
| WaterAid Donations | No target | £48,583 | | No set target. |
| Environment | | | | |
| Greenhouse Gases (tonnes CO ₂ e) reduction | 4,433 | 10,133 | N/A | This new, bespoke PC incentivises us to reduce greenhouse gas emissions arising from our operational activities. Our target was a reduction of 4,433 tonnes of $\mathrm{CO}_2\mathrm{e}$ (carbon dioxide equivalent) from our 2019-20 baseline and we have achieved more than double our target. |
| Sewage sludge into biogas / renewable energy (%) | 100% | 100% | 100% | We were the first and are the only water company to use 100% of our sewage sludge to create energy (or power from poo), and we've enhanced our activities in energy creation further with the implementation our second Gas to Grid plant at Bran Sands. |
| Bathing water compliance | 33/34 | N/A | 33/34 | COVID-19 impacted the EA's regulatory bathing water sampling during 2020. As a result, bathing waters in England were not classified for the 2020 bathing season and therefore no official statistic was produced. |

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|--|-------------|-----------------|------------------------|--------------------|--------------|------------------------|

| Measure | Commitment | 2020/21 | 2019/20 | Performance comment |
|---|--|---------------|---------------|---|
| Environment | | | | |
| Pollution Incidents (no.) | 73 | 43 | 63 | We have outperformed our 2020 PC for category 1-3 wastewater pollution incidents. We continuously learn and improve on our pollution performance through our company-wide zero-tolerance approach. |
| Leakage NW (3 yr avg - megalitres per day) | 133.5 | 135.8 | 134.8 | We had been on track to deliver against our leakage commitments until we were hit by extreme weather. The winter period saw leakage steadily rise to a peak in |
| Leakage ESW (3 yr avg - megalitres per day) | 64.4 | 65.2 | 63.22 | late-February, with a significant freeze-thaw event taking place which caused lots of mains bursts. Despite our best efforts, we were unable to bring the winter peak back down as quickly as we had hoped through our find and fix activities during the typically benign seasons (spring/autumn) to compensate. |
| Household water saving - per capita consumption - (% reduction) | 149.4 / -0.8% | 153.6 / +2% | N/A | Due to the COVID-19 pandemic restrictions there was a significant shift from non-household to household use, which had a major impact on this target. |
| Investment in water efficiency programmes | Increased water saving and customers engaged | £521,234.00 | £1,429,000.00 | Due to the COVID-19 pandemic restrictions we were unable to meet our target. Face-to-face visits were not carried out, meaning much of the budgeted programme was not completed. |
| Customers engaged on water efficiency | Increased water saving and customers engaged | 10,054 | 67,797 | Due to the COVID-19 pandemic restrictions we were unable to meet our target. Face-to-face visits were not carried out, meaning much of the budgeted programme was not completed. |
| Branch Out donations - all three funds | £60,000.00 | £60,000.00 | £60,600.00 | Annually our Branch Out scheme invests in projects to protect and enhance |
| Branch Out match funding | £480,000.00 | £2,009,571.00 | £2,605,800.00 | biodiversity within our operating area. |
| Water Environment Improvements (km) | 10 | 30.2 | N/A | This is a new, bespoke measure for 2020-25. Our PC is 10km each year against which we've achieved 30.2km through delivery of four projects across our NW and ESW operating areas for the first year of this programme. |

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| Measure | Commitment | 2020/21 | 2019/20 | Performance comment |
|--|------------|---------|---------|---|
| Customer | | | | |
| Internal Sewer Flooding (no.properties) | 217 | 244 | 472 | We have achieved a significant step change in our internal sewer flooding performance to 244, reducing our number of incidents by 48% in comparison to 2019/20. Despite making good progress in reducing internal sewer flooding for our customers throughout 2020/21, we have still underperformed against our stretching PC of 217. |
| External Sewer Flooding (no.properties) | 3,372 | 3,862 | 4,697 | We have achieved a good reduction in our external sewer flooding performance, reducing our number of incidents by 17% in comparison to 2019/20 to 3,862. However, our performance against our external sewer flooding PC was impacted by an extremely wet winter, when compared with average rainfall across our region for previous years. |
| Repeat sewer flooding (no.properties) | 46 | 25 | 97 | As a result of the interventions we have put in place in our sewer flooding tactical plan, we've significantly reduced repeat sewer flooding to 25 incidents, beating our PC of 46. |
| Customers' perception of trust (/10) | 8.8 | 8.8 | 8.8 | Trust remains consistent at 8.8 out of 10, which is in line with our PC. In our tracking research customers tell us they trust us because they've never had any problems or reason not to trust us and because they have a reliable water supply. |
| Net Promoter Score (NPS) | +52 | +45.1 | +43 | NPS was +45.1, an increase on the previous year and a good result, but short of the stretching target of +52. This was heavily impacted by a drop in Q4 2020 after higher scores earlier in the year. This figure is different to that quoted in the APR, that score is part of the C-MeX research carried out independently by Ofwat. The figure quoted in this report is from our domestic tracking programme which we carry out quarterly with 500 customers who are chosen at random. |
| Percentage of households in water poverty (%) | 12.52% | 10.36% | N/A | We have made a good start on our new PCs around inclusivity and affordability, exceeding some of our PCs for reducing water poverty, maintaining our inclusivity standard, and satisfaction with our support packages and awareness of the support we offer by some margin. We were proud to achieve +48.5, significantly higher than the industry average of +34. |
| Satisfaction of customers who receive additional financial support (/10) | 8.7 | 9.3 | N/A | We work hard to make sure customers receiving financial support are satisfied with the services they receive (measured via a satisfaction score out of 10), indicating that we are delivering a quality approach to supporting these customers. We are pleased to beat our target of 8.7 with a high score of 9.3. |

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| Measure | Commitment | 2020/21 | 2019/20 | Performance comment |
|---|---------------------------------|---------|---------|--|
| Customer | | | | |
| Drinking Water Quality compliance (CRI) | 0 | 7.49 | N/A | We are disappointed not to achieve our water quality compliance (CRI) PC. We are committed to achieving industry-leading levels of CRI and are delivering our long-term plans to reach this, as well as working closely with the Drinking Water Inspectorate (DWI) on a transformation plan which includes accelerating and increasing funding in our base capital programme. |
| Customer choosing tap water (/10) | 9/10 by 2025 | 8/10 | 7/10 | Helping our customers understand where their water comes from is essential to achieving our ambition to promote confidence in our drinking water so that nine out of ten of our customers choose tap water over bottled water. |
| People | | | | |
| Government Kick-start Scheme | 30 by the end 2021 | 25 | N/A | |
| Internships / apprenticeships | - | 16 | 207 | In 2020 we developed a new Early Careers Strategy. We have a clear responsibility to not only ensure we have the right skills to support our strategic ambitions but support the development of skills across the industry. |
| Apprenticeships | 100 between 2020-25 | 55 | 42 | |
| Upskilling / development under apprenticeship standards | Use all our apprenticeship levy | 98 | 134 | We continue to provide apprenticeship opportunities for colleagues looking to expand their career and skills. |
| Postgrad research students | No target | 21 | 23 | We had 21 postgrad research students working with us and we are currently supporting around £53million work of UKRI funded research. |
| Lost time accidents | 7 | 19 | 16 | Our lost time accident performance was below the standard we would have wanted to see; however, we continued to work on our established safety awareness tools within the business and our people voluntarily carried out 88,500 '60 second checks', 66,000 COVID 60 second checks, and 7,147 safety conversations. There were 2,929 hazards spotted and reported within the business. All of these measures demonstrated an exponential increase compared to the previous year's performance. |

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| | | | | | |

| Measure | Commitment | 2020/21 | 2019/20 | Performance comment |
|--|------------------|----------|----------|--|
| People | | | | |
| Employee Engagement survey participation | 60% | 86% | 84% | Target is set at average response rate for best companies in the super large companies category. |
| Employee retention | No target | 93.24% | 93.45% | The water industry has high employee retention. |
| Competitiveness | | | | |
| Spending with local contractors | 60 pence by 2025 | 58 pence | 58 pence | To establish a baseline we started defining local procurement and mapping suppliers to local and non-local categories. We spend 58 pence with local suppliers, which puts us in a strong position to achieve our goal of 60 pence by 2025. |



LIVING OUR PURPOSE

Five business themes underpin everything we do and how we deliver on our purpose, they are:











The following pages feature a series of case studies that bring to life how we have lived our purpose over the last 12 months and organised across all our five business themes.

COMMUNITIES 3

The Ripple Effect

Laptops for kids

Helping with the vaccination rollout

WaterAid and World Water Day

Communities The Ripple Effect – Educating youngsters on the value of water

3 • Water Forum report



In early 2021, our educational offering to schools was reassessed due to COVID-19 and we changed from the play and workshops delivered in schools, to online learning. We launched this brandnew initiative for educators and parents to support home-schooling and educate thousands of primary school pupils about the importance of water.

Working closely with leading education agency Hopscotch Consulting, we developed The Ripple Effect, which is designed to change the way children think and feel about water.

It's a free online programme helping young people become more aware of how precious water is. Through interactive games, videos and activities, it also teaches them how to use water efficiently.

The Ripple Effect was set up to be simple and effective for parents and teachers to use during the pandemic and the period of remote learning due to lockdown.

This is one of the many steps we're taking to future-proof our resources and raise awareness of our ambitious environmental goals.

Tim Wagstaff, Lead Water Efficiency Manager, said: "The Ripple Effect invites school communities to think hard about the way they use water. Children now care more about how they treat the environment - it's the 'Greta (Thunberg) Effect.'

"By making small changes to the way we use water, we can protect our precious water supplies. It's really important that we properly educate the next generation so that we can create positive change for the future.

"We use water for everything cooking, cleaning, drinking, eating - and it's important that we value it and don't take it for granted. On average, people use around 150 litres of water a day and water use has almost doubled in 60 years. As population and housing numbers are also increasing, this creates even more demand for water.

"We also hope this programme will be of assistance to all of the incredible parents and teachers who are having to adapt to these strange ways of working under the current climate."

Tiff Barwick, Deputy Managing Director at Hopscotch, added: "We're thrilled to be working with Northumbrian Water and Essex & Suffolk Water to create The Ripple Effect.

"Water, after all, is a precious natural resource which warrants effective, focused and impactful learning opportunities from a young age. We feel proud to be supporting the organisation's mission to change people's behaviour surrounding water use."

As part of the exciting new initiative, students train to become 'Water Trackers' - expert protectors of water and quardians of the water cycle.

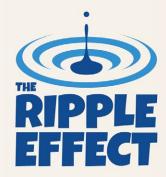
There are two digital spaces for educators to explore with their students:

Water Tracker Training Camp: A rich suite of activities that allow children to collect virtual badges as they complete challenges and gather important facts about water efficiency and the water cycle.

Water Tracker House: Packed full of games, skills tests and challenges related to water-waste scenarios.

Both journeys contain flexible, interactive resources for the classroom and remote learning.

The programme is aimed at seven to 11-year-olds and gives educators the opportunity to sign their class up for free. It is also open to community groups. For more information, visit www.nwg.co.uk/ripple.





Communities Laptops for kids



When the pandemic hit, the UK went into lockdown with schools across the country closing and quickly having to adapt their teaching methods and move to digital remote learning.

Many young people in the regions we serve were in danger of being left behind because they lacked access to the internet or the right equipment to take part in online learning.

As part of our community investment work, we supported children learning from home throughout the pandemic by donating hundreds of laptops and computers to children in our operating areas. We also donated 100 4G donales to the Northern Powerhouse Laptops for Kids campaign to help support pupils with home schooling.

The laptops and equipment enabled pupils to continue with online learning, complete assignments and projects and keep in virtual contact with their teachers and fellow classmates.

It followed us expanding our free online educational resources, launched last month to support teachers and families with home schooling. For more detail about these resources, please see our case study about PCC.

One school that benefited is Castle View Enterprise Academy, who we also sponsor. They teach 11 to 16-year olds from the Castletown, Town End Farm, Bexhill and Hylton Castle areas of Sunderland.

Janet Bridges OBE, Principal of Castle View Enterprise Academy, said: "We're grateful to Northumbrian Water for their kind generosity and thank them for their ongoing support.

"The laptops will certainly come into good use for some of our pupils, who've had limited or no access to a device to help support with online learning.

"It's been a challenge at times, but the amazing team of people I work with have really stepped up to ensure all students and families receive the best possible support from us.

"Now we can expand the high standard of education we pride ourselves on delivering to even more pupils, through online classes and teacher interaction."

Nigel Watson, Group Information Services Director, said: "Supporting our local communities is at the heart of what we do and we're delighted to work in partnership with Castle View Enterprise Academy, to help support pupils that don't have access to a device or tablet with home schooling.

"These laptops will support students with online learning and help support their vital learning and development. They also ensure interaction with their teachers during these really challenging times for everyone."

For more information about our free online educational resources.

www.nwq.co.uk/responsibility.





Communities Helping with the vaccination rollout



More than 50 employees are volunteering to help the NHS with the COVID-19 vaccination rollout in the north east by helping clinical staff run the Arnison Vaccination Centre in Durham and the Mowden Arena site in Darlington.

They are working alongside NHS staff, people who have been trained to become vaccinators, administrative staff and other volunteers to make sure the service operates smoothly and safely and as many people are able to receive the vaccine as possible.

As well as providing people to support with the vaccination effort we also provided our Boldon House office building in Pity Me to be used for the Arnison Vaccination Centre for Durham.

Chief Executive Officer, Heidi Mottram, said: "We are delighted to play our part in the rollout of the vaccine, as supporting local communities and making a difference is exactly what we're about.

"Whether that's through freeing up our people from their day jobs to enable them to volunteer and support the rollout of this lifesaving programme.

Or by us working in partnership with the NHS to deliver the transformation of our office into the new vaccination centre.

"It's fantastic that we've been able to help out and I'm immensely proud of our employees for stepping up to volunteer and grateful to everyone helping to fight coronavirus."

Dr Stewart Findlay, Primary Care Clinical Director for the NHS COVID Vaccination Programme for the North East and North Cumbria, said: "We're grateful for the support from Northumbrian Water as a company both for their premises and provision of volunteers who are helping to provide a good experience for patients."







Communities WaterAid and World Water Day



World Water Day is an annual United Nations day that takes place on 22 March, focusing on the importance of freshwater. It raises the awareness of the 785 million people living without safe water close to home and focuses on taking action to tackle the global water crisis. Climate change, population growth and increasing demands from agriculture and industry are putting extreme pressure on the World's access to water.

We are proud to be a founding partner of WaterAid. Set up in 1981 by the UK's water industry, its main work is to make clean water, decent toilet and good hygiene normal for everyone, everywhere within a generation.

Over the last year, the simple act of washing hands with soap and water have brought home to many the importance of water

In 2021, WaterAid commissioned a survey focusing on the value of water asking people across the UK about their perception of their water supply and whether COVID-19 had changed this.

Nearly a third (31%) say the focus on hygiene during the pandemic has increased the value they place on water, with three in four (73%) now saying they appreciate having clean water at home. 49% take steps to reduce the amount of water they use with 58% think everyone should try to use less water.

We have been working hard throughout the pandemic to keep essential services running, while also reminding customers of the importance of water and of the work WaterAid do to help get clean water to communities around the world.

In the UK we are incredibly lucky to have safe, clean and clear drinking water. We supported World Water Day with a social media take overto remind people of the importance of water and that today one in ten people still don't have access to clean water and one in five children don't have enough water to meet their everyday needs.

As a key supporter of WaterAid we work annually to raise money and promote the work they do to help provide others with safe, clean and clear drinking water that we take for granted. Our Chief Executive, Heidi Mottram, has been a Trustee at WaterAid since 2017and experienced the work WaterAid do on a visit to Malawi.

In 2020 we raised £48,583. There was also a change to the Chair for the Northumbrian WaterAid Committee, Louise Hunter, our Director of Corporate Affairs has taken on the role with the aim of developing our fundraising further. We have also introduced a new role, bringing in a Fundraising Apprentice, giving them on the job training while supporting the needs of the charity.

To find out more please go to www.wateraid.org/uk/the-crisis/water.

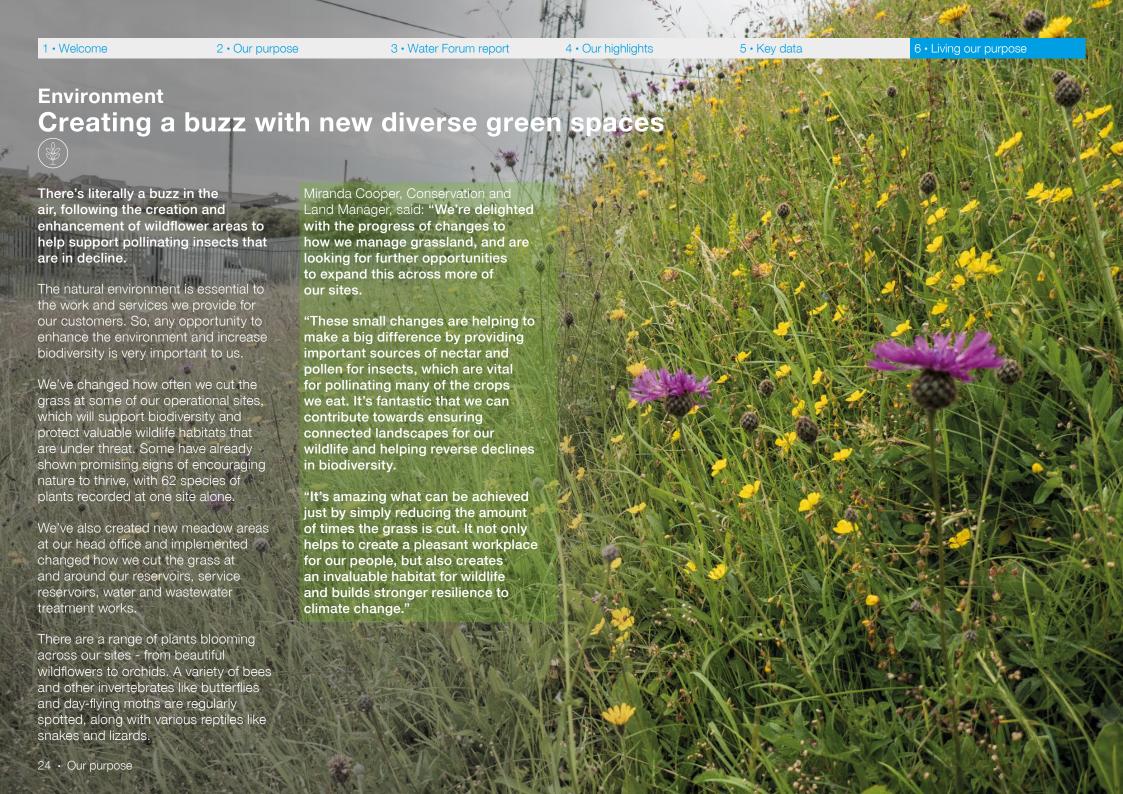
ENVIRONMENT (*)

Creating a buzz with new diverse green spaces

Water environment improvements

Leading approach to pollution

Water and electricity CAN mix



Water Environment Improvements



We have improved accessible water environments at four locations in our regions as follows:

Kielder Water (Northumberland)

12km of Lakeside Way improved with Kielder Water & Forest Park Development Trust, Forestry England and Red Squirrels Northern England, including footpath improvements, enhanced signage, protection for red squirrels and ospreys, and a new, fully accessible osprey watch facility.

Carlton Marshes (Lowestoft, Suffolk)

16km of water environment improved with Suffolk Wildlife Trust, creating a new publicly accessible 405hectare wetland including boardwalks, a visitor centre, wild playscape, viewing hides and linked year-round nature activities and an educational programme.

Frenze Beck (Diss, Norfolk)

1.5km of water environment at a County Wildlife Site improved with the River Waveney Trust and South Norfolk District Council. New footpaths and boardwalks with disabled access were created, as well as visitor seating, new wetland habitats and facilities to support bird nesting.

Filby and Ormesby Little Broad (Norfolk Broads)

0.7km of water environment improved with Norfolk Wildlife Trust, at one of only a few publicly accessible sites in the area. The project upgraded boardwalks to enable wheelchair access to viewing points, repaired paths, resurfaced car parks, and restored a dyke adjacent to the path to protect fish habitats.



Leading approach to pollution



We work hard to make sure all our assets work as they should, but sometimes things can go wrong. Our aim is to continue to reduce all pollutions associated with our assets. This includes from our wastewater and water assets in our Northumbrian Water operating area, and for water only assets in Essex & Suffolk.

We're maintaining industry leading levels of wastewater pollutions through our transformative pollution management programme and Pollution Incident Reduction Plan (PIRP), which outline what we'll do to reduce the risk of these incidents and what we'll do if an incident occurs.

For water related pollutions, we continue to work hard to reduce pollutions, including serious incidents, through new interventions, improved processes, and procedures.

We're committed to being as ethical, open, and honest as we can with our customers, and we've published our plan for reducing pollutions from 2020-25 to help us meet our ambitious goal to have zero pollutions as a result of our assets and operations.

We've developed a culture focused on all aspects of pollution risk, and this approach has resulted in a real transformation in our pollution performance.

Since 2017, we've been at the frontier with industry-leading performance on pollution. In 2018 and 2020, we received a four-star rating in the Environment Agency's Environmental Performance Assessment. In 2019 our pollution performance remained leading, but we were disappointed in our two-star rating, which was due to a compliance issue.

We're focused on continuously improving our performance across our water and wastewater networks and assets, including 25,000km of water mains, 55 water treatment works, 30,000km of sewers, 1,250 storm overflows, 1,000 sewage pumping stations and 430 sewage treatment works.

Richard Warneford, Wastewater
Director, said, "It's vital we protect
the environment that provides us
with the material we use to supply
clean, clear and great tasting
drinking water. We must return it
back to the environment in the best
possible condition.

"We have many assets - both in water and wastewater - and it's essential that we maintain and operate them in a way that minimises any negative impact on the environment.

"Our customers have told us that looking after the environment is very important to them and something they expect from us. Through our PIRP, we show our commitment and provide details on how we're minimising risks and how we'll put things right if something does go wrong."



CUSTOMER (%)

I like mine

Supporting our customers in 2020 and the pandemic

Bin the wipe

Customer engagement on drainage and wastewater

Customer I like mine



"I like mine" is a new campaign launched in 2020. It promotes the benefits of drinking tap water and is positively received by our customers. The campaign is designed to help customers understand where the water they drink comes from. We want to encourage customers to drink more tap water and we've mapped out exactly where customers water comes from, depending on whereabouts in our regions they live.

Alan Brown, Head of Water Quality, said: "People often wonder why their water tastes different to their friends' or family's – sometimes even if they live fairly close by.

"This is because each area receives water from different sources across the region, including some well-known beauty spots. Sources can vary from rivers to reservoirs and groundwater.

"We work hard to make sure that our customers get clean, clear and great tasting water straight into their homes, but we also thought it would be useful and interesting to share the journey along the way." Examples of where customers' water comes from include:

Newcastle

People living in areas north of Newcastle, such as Gosforth and Fenham, receive some of their water from the serene reservoir of Kielder, where rainfall is collected under world-famous dark skies.

Redcar and Saltburn, Tees Valley

Water starts its journey in the stunning area of upper Teesdale - home to the impressive High Force.

Rainfall collected in open-air reservoirs and water from the River Tees is moved to two water treatment works by a series of pipes and pumps before travelling into customers houses.

Chelmsford, Essex

Water comes to our treatment works direct from the River Stour, Kings Lynn and our reservoir at Abberton - an internationally recognised top water body, near Colchester.

Abberton Reservoir receives water, collected in the autumn and winter, from several Essex rivers and water transferred 140km from Kings Lynn in Norfolk.

Lowestoft, Suffolk

People living in the Lowestoft and Belton areas receive their water from our Lound treatment works that is directly supplied by the Lound Lakes, which include Fritton Lake. They are located on the border between Norfolk and Suffolk, between Great Yarmouth and Lowestoft. The lakes are a linear series of manmade basins, draining west to the River Waveney at St Olaves. The lakes were historically formed from peat diggings and then later utilised for their water storage.

Helping our customers understand where their water comes from is essential to achieving our ambition to promote confidence in our drinking water so that nine out of ten of our customers choose tap water over bottled water.

We've been asking whether customers choose to drink bottled water or tap water in our quarterly domestic tracking surveys since 2019. Our 2020 results were consistent with 2019, with 75% of customers saying they would choose tap water over bottled water, which is good given the pandemic. But we still have some way to go before we achieve our aspiration of 90%.

The pandemic has meant that the Refill and Bring Your Own Bottle campaigns have not been as active as we anticipated they would be. This had a direct impact on our progress towards achieving our ambitious goal. We'll continue to promote these campaigns as the COVID-19 government restrictions are eased and the "I like mine" campaign will continue throughout the 2020-25 period.



Customer Supporting our customers in 2020 and the pandemic



Many people across the country experienced unexpected changes in their circumstances due to the coronavirus pandemic. From the start of the first lockdown, and throughout the year, we provided our customers with guidance on how we can help make sure their water bills are more affordable.

Some customers were facing worrying and uncertain times, and we knew that Government changes to the furlough scheme may bring further change and additional worry.

Through our Water Without the Worry campaign, we offered a wide range of free support, especially for those who were unexpectedly affected by the pandemic and people who were already having financial difficulties.

Here are some ways we have supported, and continue to support, our customers:

Checking they're on the cheapest tariff for their current circumstances. We can offer discounts of up to 50%. These tariffs are perfect if a customer's total household income is less than £16,105, a member of the household receives Pension Credit, or their household income doesn't cover essential bills.

Supporting switching to a water meter when this can save customers money. Our instant, **online calculator** shows whether a water meter would reduce charges. We install meters for free and allow customers to track their water usage with an online account.

If anyone has been made redundant or had a sudden change to their income and can't afford to make payments, we can offer payment breaks. Since the first lockdown, we've already helped more than 7,000 customers this way.

If a customer's income has reduced and they can't afford their normal payment arrangements, we can offer a variety of flexible payment arrangements that are suitable for the individual.

Working with independent debt charity StepChange, which provides free, expert debt advice and solutions for anyone looking to reduce arrears and re-schedule payments to ease debt problems. Lisa Connell, Customer Service
Manager, said: "We have a fantastic
team ready to help our customers
and give them the support they
need. We've helped many customers
reduce their charges and provided
many affordable payment plans.

"The worry of unpaid bills and getting into debt can put a strain on people's health. It's important for people to know that they don't have to face their problems alone and that we're here to help - not just during the coronavirus pandemic, but at any time. All they need to do is get in touch to talk about what we can do to support them."



Customer Bin the wipe



Bin the Wipe is a new approach to reducing sewer blockages by focusing on the problem's number one cause...wipes.

The key aim to generate a step change in the amount of sewer flooding incidents by targeting customer behaviour.

Bin the Wipe was launched in 2020 to replace our 3Ps approach (only paper, pee and poo should go down the loo), which is commonplace across the industry. It turns the message and focus towards wipes. If we can reduce or even remove wipes from our network. we can massively drive down blockages. In 2019, 64% of the 15,600 blockages we cleared from our network contained wipes, which do not break up and can snag or settle in pipes and cause build-ups.

The Bin the Wipe message is a simple one for customers to understand and needs only an easy change to their behaviour to make a big difference, if enough people play their part.

The campaign uses innovative tools to track wrongly flushed items back to the homes they came from and helps customers to understand that flushing wipes can cause sewer flooding in homes and damage to the environment. Our Bin the Wipe team focuses on hot spot areas and works in a specific location for three months, clearing blockages and identifying where wipes have been flushed. As the search narrows to streets - and even to individual properties - we continue to encourage people to stop flushing wipes through direct conversations and letters.

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Those who continue to flush wipes are warned of our ability to charge them for the cost of clearing blockages and even, in extreme circumstances. prosecute them for offences under the Water Industry Act 1991.

Bin the Wipe has so far focused on areas of Teesside, where flushing wipes was a known problem. This has reduced the number of wipes found in the sewer network by more than 60%, without the need for us to charge or prosecute any customers.

Simon Cyhanko, Head of Wastewater Networks, said: "Wipes that have been flushed down the loo are the biggest cause of blockages in our sewers, which threatens people's homes, businesses and the environment with flooding.

"When a sewer gets blocked, all the waste people flush away is stopped in its tracks and can only go either back to where it came from or out into the environment. That's the worst thing that can happen to a customer in relation to our network, so we want to stop such unnecessary problems at their root cause.

"Even wipes that come in packages claiming they're 'flushable' can cause problems. Because they don't break down like loo roll, they can start or contribute to blockages.

"We can use our team's specially created tools to trace flushed wipes directly back to homes, and we can take action against people who keep flushing them. However, we've found that customers are generally willing to make that simple change in their behaviour once they understand the consequences, in the areas we've taken Bin the Wipe to already.

"It's a simple change to make that costs nothing. All we ask is that people stop using their toilets as bins and Bin the Wipe."



Customer Customer engagement on drainage and wastewater

2 · Our purpose



We are committed to producing our Drainage and Wastewater Management Plan (DWMP) which will provide a basis for longterm planning of drainage and wastewater services.

The DWMP is in its first cycle and will have its final publication in March 2023. This will guide the decisions we make and looks at the issues today (2020 baseline), in 2025, 2030, 2045 and 2060. It was therefore essential we developed these with our customers, so they understand the impact and are able to contribute to the discussion.

We started by educating a diverse group of customers that represented of our customer base in our North East region. We made sure that the group included customers who had experienced wastewater issues, such as internal flooding, and customers who used the water environment recreationally.

Working with an independent market research agency and an online engagement platform provider, we designed an interactive online learning experience that could collect individual customers' views.

We then used the results in eight online discussion sessions to obtain consensus on the most important issues. We made sure that customers without digital access could be involved through telephone interviews.

Sixty current and future customers, along with some local businesses, took part in the individual stage of the research. They were taught about:

- The water cycle and how wastewater companies are involved.
- Correct and incorrect usage of sewers.
- Drainage and wastewater problems and their causes.
- Potential solutions to flooding and pollution, and their advantages and disadvantages.

Participants were then asked to prioritise different high-level aims for the DWMP, as well as being able to add any additional aims of their own.

They were asked their opinions on how risks could be prioritised in the plan, and how they would like customers to be involved in developing the remainder of the DWMP.

Customers were able to interact directly with our employees to ask questions and clarify issues. Directors, senior managers and Board members also joined in the discussions.

Many have signed up to take part in the subsequent stages of our DWMP research. Here are some customer comments about their involvement in this project:

"I've thoroughly enjoyed it.
I've learned a lot. I feel valued
as a customer and included in
discussions about things that may
affect me."

"It makes us feel included, that Northumbrian Water really do care and value us as customers. I'll be interested to see how this research impacts on what Northumbrian Water does going forward."

"When you get into the finer detail, I would imagine you'd want someone who knew what they were talking about."

"It's good to know they have proper scientists and specialists in the field. But I think as paying customers, it's really important our views are included too."

"I think consultation is exceptionally important because it not only consults you, but it also educates. There are bits through this consultation process that we weren't aware of and we can actually change our habits now as well as giving you my views."

"I didn't realise what went on behind the scenes, so getting input from the general public is quite important - to remind us how important it is, and to remind the water company what's important to the customer."

PEOPLE ®

COVID-19 60 second app

Leading by example

Great place to work

People COVID-19 60 second app



At the start of 2020, and as the impact of COVID-19 was being realised, our Business Resilience Group and Executive Leadership Team set up a COVID-19 Response Team. There main focus was to look at the impact the pandemic would have on our employees, customers and on the company. The group meet weekly and review guidance and instructions given by the UK government and government departments, such as Defra, and the impact and review the company plans, guidelines and activity.

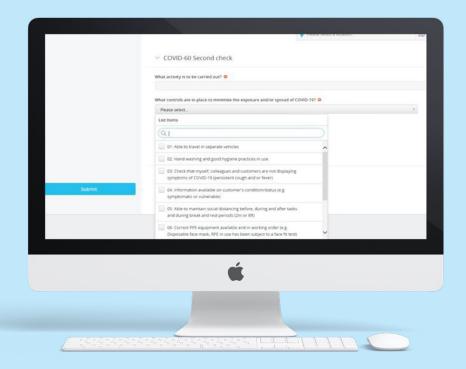
Over the last few years we have been using the 60 Second Check tool, a personal safety tool that our teams use before starting any job. The purpose of the check is to enhance safety of employees before carrying out a task. These are voluntary and are used as leading indicators, they are not mandated because we want people to do them because they value them - not because they are told to!

We have been using a risk management system, Coruson, that allows tools such as the 60 Second Check and forms to be created inhouse and deployed as an app on company mobile phone devices. In March 2020 when the coronavirus pandemic was starting to take hold in the UK our Safety Health and Environment Team acted quickly to develop a specific COVID-19 60 Second Check app for our employees to use. The specific COVID-19 60 Second Check Tool was tailored around the company policies (in line with UK government guidelines) in relation to coronavirus safe working practices and followed a simple hierarchy of control that guided employees on what to do in their daily activities to keep them and their colleagues safe.

The COVID-19 60 Second Check
Tool was designed and built in-house
within three days and deployed onto all
company mobile phones through the
company Apps@Work system which
allows company apps to be installed.
The app allows us to monitor usage
by user, department and directorate
and look at the reasons why jobs were
stopped allowing us to review our
COVID company guidelines.

After the initial launch the tool was adopted enthusiastically by our field teams, with just under 66,000 checks carried out in just 10 months, shows the benefit the teams see in completing the checks, and that's on top of the 88,500 normal 60 Second Checks completed.

There were 547 jobs that were stopped by using the app as they could not be completed safely within the COVID-19 company guidelines. In November, during the second Lockdown, we saw the highest checks carried out with 10,431 checks.



People Leading by example



At NWG our greatest asset is our people. We are committed to making sure everyone has the opportunity to develop and is given the chance to achieve their goals and make a difference.

We know the water industry has historically been, and continues to be, a male dominated sector, particularly in the operational, technical and engineering roles. As our journey continues, we take pride in our achievements so far, but we know we still have more to do.

At NWG we want to introduce more women into leadership, operational and technical areas and we are taking steps to make this happen.

NWG has a balanced Executive Leadership Team, containing five females - including our CEO - and six males. Through our Leadership Shine initiative, and along with our other executive leaders, they act as role models, investing time in mentoring and sharing learning to empower other females. We are also looking at our structure in order to bring about change.

Our Group Information Services
Director, Nigel Watson, took a
conscious decision in his last structure
review to seek to address imbalance
in a leadership team that was 29%
female. It is now 50%.

Two of those leaders are Louise Patterson and Angela MacOscar.





Louise Patterson Head of IS Service Operations and Resourcing

I joined NWG in September 2020 as Head of IS Service Operations and Resourcing. My role involves leading our IT teams that support and keep our technology systems running for all of our colleagues either working in the office, at home or out in the field.

As well as technical resources to support the delivery of some of our new systems and innovations that help drive positive change into how we manage water in the future.

I am proud to be a woman working in a STEM career within the water industry, as it gives me the opportunity to work as part of a wider team to support how we tackle sustainability issues and contribute towards making long term positive impacts on our local communities.

Angela MacOscar Head of Innovation

I've been with NWG for two years as Head of Innovation. I'm proud to be a women in the water sector. At NWG we provide a vital service to over 4.5million people and I am part of creating better ways of delivering those products and services and that is really exciting.

I've had a wide and varied career, starting as an apprentice at Shell in a lubricants laboratory that eventually led me to a 17 year career with P&G including leading a \$1billion branch of products looking at front-end innovation and their five year product horizon.

The opportunities available in STEM careers are so varied. From computing, chemistry, biology, physics, they offer so many career avenues you can go down. They range from very technical in the labs to something that is more about being a translator to others, which is the place I have ended up and where I feel most at home.

People Great place to work



In recognition of our long-standing commitment to, and outstanding delivery of, workplace health and wellbeing we were named a Wellbeing Ambassador by the Better Health At Work Award programme for 2020 and were also identified as a Centre of Excellence for Wellbeing 2020-21 by the Great Place to Work Institute.

This prestigious status is awarded to a select few each year and goes to those practise around workplace health and wellbeing, going above and beyond at

highest response rate ever, with 84% of

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wellbeing digital platform - Living Well -

Kay Penney, our Group HR Director said: "These recognitions demonstrate our commitment to the wellbeing of our employees, who are at the heart of everything we do and something we feel very passionate about.

"We know that this year has been particularly tough on everyone in one way or another, and social distancing has had a great impact to our mental health - and this has had an impact upon the way we all work, whether that's out in the field, in an office, or from home. Keeping our people connected digitally throughout this time wherever they carry out their work - has been imperative in ensuring great health and wellbeing in the business."



COMPETITVENESS (6)



Local supply chain

Open data 'stream'

Funding granted to develop ideas from Innovation Festival 2020

Competitiveness Local supply chain



Throughout the COVID-19 pandemic, we've worked with a wide range of suppliers from across our regions to support job retention and bolster businesses' financial health.

Since the first national lockdown was announced in March 2020, many businesses have suffered from uncertainty about their future workloads, while others have seen incomes disappear.

However, our range of joint initiatives, grown from forward thinking ahead of initial Government measures and support for smaller suppliers, is helping to counter that uncertainty and reduce the need to furlough many employees in our regions.

Since before lockdown, we've been working with suppliers for our investment work - such as water network upgrades and maintenance. As a result, these businesses established working groups to collaborate on issues including ensuring health and safety, maintaining productivity and supplies, and general wellbeing.

In addition, we've worked with many suppliers - largely small and medium sized businesses (SMEs) - to pay them faster to improve cash flow and assure them about future workload volumes. This allowed these businesses to make informed decisions about how much of their active workforce they should retain.

Investment work, mostly delivered by framework partners, has continued to be carried out safely during the pandemic because of its essential nature. However, by working together, the companies have introduced innovative new working methods, such as installing Perspex dividers where single occupancy of vehicles has not been possible.

Tamsin Lishman, Asset Management Director, said: "COVID-19 has brought a lot of uncertainty, not only for businesses, but for those they employ, their families and communities. It's important to us that, where we can, we help reduce the stress that comes with this.

"More than half of our spend goes to businesses within our operating areas, and we have an ambition to increase that to 60%. So our decisions have a big effect on our communities, affecting a lot of people across our regions. That's why it's important that we tackle the current COVID situation in partnership with our suppliers, helping them to maintain employment levels and plan workloads.

"The businesses that deliver our investment projects alone employ more than 1,000 people. Any decision on what work we continue has a big impact on these regions, so we feel it's vital that we continue our essential work. Most of our work is essential to keep delivering our services to customers, which is a strong position from which we can continue to support all our partners and suppliers. Working together creatively, we've been able to adapt and drive forward work in a way that not only keeps people in work and cash flowing, but also protects the safety of our own employees and those within our supply chain."

Competitiveness Open data 'stream'



We've seen the benefits of giving data scientists the opportunity to derive new insights from our data (data hacks) for the last few years. We've used this approach on projects aimed at addressing leakage, tackling flooding, and reducing spills from storm overflows.

Through our Innovation Festival and partnership event with Anglian Water, Innovate East, we've led various initiatives to share data with other organisations. The clearest example of this success in collaboration is the National Underground Asset Register (NUAR), where this open data approach led to a ground-breaking project now backed by the Government.

We're determined to unlock more value from the data which the industry owns and harness other potential opportunities, by working together with other water and utility companies and innovation partners.

From this, we've developed 'Stream' – a collaborative Open Data initiative to take this forward across the sector.

An initial strategy exercise on behalf of the sector was commissioned and we engaged management consulting firm Sia Partners, who'd already successfully adopted the same principles and approach to creating an open data strategy for the Royal Navy. They helped us learn best practice from other sectors.

Together we:

- Created a cross-industry approach to find where value lies and for who.
- Identified critical and high value opportunities for the water industry and stakeholders.
- Built an end to end model and opportunity roadmap that capitalises on open data by addressing gaps.

This formed the basis of an open data strategy that enables the water industry to collaboratively generate sustainable value. Over four weeks, 40 people from 12 companies collaborated on various workstreams.

They tested three Proof of Concepts aligned to strategic goals within the sector:

inquEIRy: A functional prototype enabling users to query data sets subject to Environment Information Requests (EIRs). Water quality sample data was used (a typical EIR request) at postcode level from six companies with over 156,000 water quality samples. inquEIRy is capable of housing more than ten years of all UK water companies' sample data, and presents a highly investable quick win that can pave the way for more ambitious Open Data projects in the sector.

Algaerithm: A design sprint for an algorithm that proactively flags the risk of harmful algal blooms in UK fresh water sources. Driven by rising temperatures, these blooms are a significant burden on the UK water industry, and climate change will only exacerbate their increase.

AssetAlert: A feasibility study for a data system that identifies water asset problems before they occur and improves predictive maintenance processes. Asset data from four companies was analysed, converging on pump data due to high failure rates and associated maintenance costs. The staggering cost burdens associated with unplanned asset failures could potentially be reduced through wide-scale asset data pooling.

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By working together to create a shared strategy and approach to open data we're identifying answers to the challenges of what information is shared, how it is shared, and crucially how it is kept safe.



Competitiveness Funding granted to develop ideas from Innovation Festival 2020



Following our first ever all-digital Innovation Festival in 2020 we have granted almost £130,000 worth of funding to develop ideas.

Eight different projects have received financial backing in order to further improve the way the business operates - with focus on areas including customer service, employee wellbeing, leakage prevention and environmental impacts.

Following a rigorous decision process undertaken by a panel of Innovation Ambassadors from within the company, funding was granted and has been split between the different projects. The variety of ideas, which were developed during hacks, dashes and sprints at the completely-digital festival in September, include a range of both physical inventions and digital concepts.

Some of the projects are specifically customer-focused, including an app which will enable customers to have more freedom to set up payment arrangements, upload documents and receive additional help when required. Others are set to keep employees safe, with one concept using un-intrusive technology and biometric data to monitor when workers are feeling stressed or tired.

A number of the projects will include energy-saving measures - with one project creating a digital twin of a Water Treatment Works to monitor energy consumption and carbon count, helping us to reach our net-zero target.

As well as this, a digital platform will also be developed in order to enable better decision making in the vehicle replacement programme and a burst prediction model is being developed, which will help to reduce leakage.

Angela MacOscar, Head of Innovation, said: "Once the funding and support has been allocated, the wheels are set into motion and the projects begin to rapidly develop.

"Innovation is a risky business, but we are going to do all we can to help and support the projects that have been chosen to be developed as far as they can be within their deliverable period.

"Granting funding to developments such as these will deliver a significant impact for our customers in the future, and will also help us to reach our carbon goals. "Sadly, we can't choose to fund every project, however I am confident that we will see some interesting projects coming into fruition over the next few months.

"I love watching each of the projects progress and can't wait to see how they will change the way we operate going forward." In addition to the funded projects, six self-propelling projects, which are unfunded, are also being progressed with the support and leadership of industry experts from within Northumbrian Water Group - setting each concept up for success.

Over 100 strong ideas came out of the festival, but only 14 will be progressed with clear deliverables.

For more information on the festival, visit www.innovationfestival.org.



Thank you for reading

We hope you found this report informative and inspiring.

If you are interested in finding out more, this report sits alongside our annual performance report and financial statements which provide complete financial and regulatory data.

Our website provides information on who to contact if you have any queries or would like further information on any of the work we have covered here www.nwg.co.uk.



