



Veolia Water Projects Ltd Customer-focused performance summary

April 2020 - March 2021

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Preamble

Veolia Water Projects Limited [VWPL] was granted the status of Appointee and thus Water and Sewerage Undertaker for the operating area described as Tidworth, Perham Down and Ludgershall [part] on the 2 June 2009 succeeding Thames Water in the role. The Appointment came into effect on 8 June 2009.

Within its Inset area, VWPL provides Water and Wastewater services to approximately 14,000 customers - including household and non-household customers as well as the Ministry of Defence and the Leckford Bridge export to Wessex Water.

This report and the associated APR S1 and S2 tables present VWPL's performance for the 2020/21 period (April 1st, 2020 to March 31st, 2021). They were produced in accordance with the regulatory reporting requirements for Small companies; and all financial data are compliant with the IFRS (International Financial Reporting Standards) and have been audited by external auditors in line with the company's financial year, which is from January to December.

The style of the Report is not prescribed but it will follow the format of the KPI Guidelines with each section containing an explanatory paragraph and metrics in bold type as necessary.

1. Covid-19

Despite the continuation of the pandemic through 2020 and into 2021, Veolia has continued maintaining its services to its customers whilst complying with its regulatory obligations and minimising any impact on its customers.

Following government guidelines, Veolia has adapted its operational delivery and customer service. This has resulted in limited changes to its network, treatment operations and water quality activities. The number and location of customer statutory sampling has been modified and non-emergency interventions at customer properties have been restricted. VWPL customer service has also offered additional support to its customers in these unprecedented times.

This review of the Small Companies Return has been conducted in line with the timetable and regulatory guidance and has not been affected by Covid-19.

2. Customer Experience Indicators

To comply with the “no worse off” principle defined in its Inset appointment, VWPL ensures that its charges do not exceed Wessex Water’s or Southern’s. Through the annual tariff review process VWPL will set its tariff mirroring those of the relevant incumbent.

In addition, VWPL will ensure that the level of services received by its customers is not less than what Wessex Water or Southern would offer. This is demonstrated in the below section which presents the overall VWPL performance.

2.1. Customer Satisfaction

As part of the 2019 Price Review OFWAT introduced two new indices for measuring Customer’s satisfaction with their respective water company: C-Mex and D-Mex.

These new measures do not apply to companies who operate as new appointees or variations or that supply the water or waste services on Inset appointments - such as VWPL. However VWPL recognises the benefits to different stakeholder groups (customers and regulators) of such indicators and is aiming to develop and implement equivalent measures in the future.

In the meantime, VWPL has monitored customer contact and problem resolution utilising the statistics relating to GSS payments and DG Incident Standards.

The year performance is set out as Appendix 1 to this Report and indicates, as expected for the size of the customer base, a low level of contact activity and a very small number of complaints. Between April 2020 and March 2021, VWPL was contacted by its customers on 455 occasions - 99% of these contacts related to billing queries.

A GSS payment (£30) was made to a customer following a clerical error resulting in a delay to address a customer query.

Note: The target for bill queries and resolutions has been set at a five working day response time and the target for written/telephone complaints has been set at a seven working day response time.

Another 15 GSS payments (total of £450) were made to customers following an unplanned interruption of supply exceeding 6 hours - refer to section 2.3.

2.2. Sewer Flooding

No internal sewer flooding of properties was reported since the date of its Appointment.

There was neither external flooding or blocked drains of regulated customers' properties during the reported year.

2.3. Water Supply Interruptions

VWPL customers had no restrictions on their water supply during the reporting period, except 15 properties during one occurrence.

An unplanned incident in Ludgershall on November 23rd, 2020 resulted in a disruption of the water supply for longer than 6 hours for those 15 properties. A burst main had damaged electrical services, so VWPL had to wait for UKPNS Network Operators to make the area safe prior to carrying out the repair on the water main. Bottled water was provided to those customers until their service was restored.

Compensation payment was made to the customers in line with VWPL Guaranteed Standards of Service (GSS). This is detailed in section 2.1 of this report.

2.4. Reliability and Availability

2.4.1. Infrastructure Serviceability

Due to the network configuration of the Tidworth Utility Infrastructure with that serving the Ministry of Defence [MoD] installations in the Service Area, the overall reliability and serviceability of these assets is viewed holistically.

Regardless of the status or location of the assets, the condition and performance of all assets is closely monitored through the application of several levels of Asset Management Planning.

The Asset Management Planning for Tidworth utility infrastructure adheres to the Veolia asset standards and global strategy. It includes a completed asset register of Tidworth Utility Infrastructure - including the infrastructure serving the MoD installations. All above ground and below ground assets are subject to criticality and condition/performance analysis based on a framework set of criteria. This work supports the definition of the maintenance regime and the longer term capital investment plans.

In addition, the Asset team complete an Asset Maturity Assessment on a regular basis to assess Tidworth Asset Management against Veolia asset management standards and to drive improvement programmes to achieve the desired level for the site/contract.

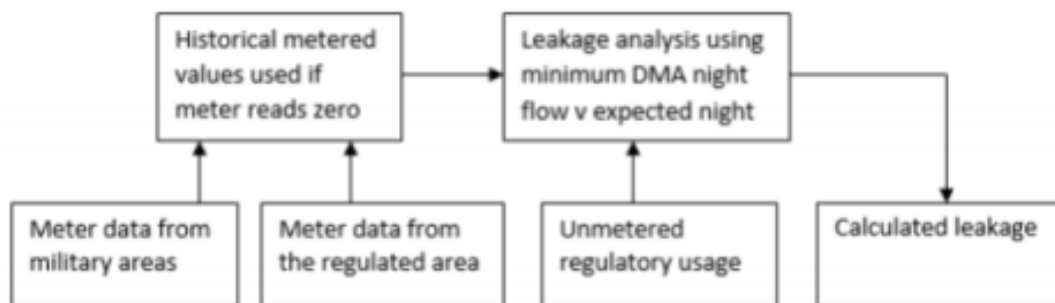
With regards to Customer related utility services, VWPL has seen no detrimental trending in the performance of the apparatus it inherited from Thames Water in 2008. However, necessary investments have been made on the infrastructure whenever required to guarantee and improve resilience and continuous compliance of the services. Over the past few years, VWPL completed major capital investments at its abstraction sites, water treatment works and main service reservoir which have significantly improved the operational resilience of those sites.

Water Quality remains very good with no DWI reportable events during the reporting period.

2.4.2. Leakage

VWPL employs both the bottom-up and top-down approaches to assess legitimate water use and leakage across the Tidworth Service Area. Both are employed to account for the variations of the Garrison's water consumption due to military operations and exercises.

The following diagram explains the data inputs for the leakage calculation.



VWPL recognises the importance of controlling leakage across the Tidworth Service Area and in doing so have brought network leakage levels more in line with the wider Industry. Active leakage control is a priority operational activity.

Leakage figures for the period are set out in the table below.

Leakage	2018/19 (MI/d)	2019/20 (MI/d)	2020/21 (MI/d)
Distribution Losses	0.32	0.81	0.68

Note: the above figures relate to the wider network leakage across the entire Inset and PFI Contract Service Area as the potable water network in Tidworth serves the Military secure sites, the associated Service Families Accommodation [SFA] and the diffuse Regulated Customer base; and there is no practical way of separating out either group.

During the reporting year, VWPL completed a detailed review of the data mapping and assumptions used for the leakage calculations (DMA configuration, metering data, property count, network operation); and continue integrating the Automated Meter Reading (AMR) data as they are being deployed on the network and customer meters. These two initiatives have further improved the accuracy of the reported leakage figures

However, the reported leakage value may still include elements of unaccounted for water as estimated consumption for some unmetered MoD buildings could differ significantly from actual consumption due to the nature of the MOD activities.

2.4.3. Security of Supply

VWPL Water Resources Management Plan [WRMP] was published in 2019 and VWPL submits to the EA Annual Reviews to report on VWPL supply-demand situation, provide a forward-look on its WRMP programme and highlight any changes to it.

The below table present the headroom 2020/21 update

Tidworth Water Resource Zone	WAFU [EA Definition] [MI/d]	Dry Year Distribution input [For planning purposes only] [MI/d]	Reporting Year Distribution input [MI/d]	Target Headroom [MI/d]
Daily Ave.	8.96	5.55	4.11	0.3

There is no hosepipe ban or other water use restrictions operating in the Tidworth VWPL area of supply.

Also, VWPL has recently reviewed its Drought Management Plan. This document presents how VWPL plans to provide a secure supply of water and protect the environment during dry weather and droughts. It sets out the actions that VWPL will take before, during and after a drought, as well as how the effects of those actions, including the environmental impacts, will be assessed, monitored and prevented or mitigated. VWPL draft Drought Management Plan has been published in June 2021 for consultation and the final document will be published in March 2022.

2.5. Environmental Impacts

2.5.1. Pollution Incidents - Sewerage

VWPL recorded 33 manhole surcharges and 13 external sewer flooding across the Tidworth Area but none were related to/have affected regulated customers (all within the Tidworth PFI area).

All surcharges were very localised to the manhole and minimal subsequent clean up was required. So none of them were serious in nature.

The wet winter and the rising of the level of the water table have been a significant operating challenge for Tidworth waste water network and treatment infrastructures (similarly to 2019/20 winter). VWPL mobilised necessary resources and implemented required mitigation actions to attenuate the adverse effect and get back into normal operation.

2.5.2. Serious Pollution Incidents

VWPL has no such incidents to report.

2.5.3. Pollution Incidents - Water

VWPL has no such incidents to report.

However as part of the WINEP initiative, VWPL is currently reassessing the environmental impact of Tidworth abstraction sites on the Nine Mile River and the River Bourne and the Pillhill Brook. Initial scenarios have been run in the first quarter of 2021 using Wessex groundwater model and further work will be carried out during 2021 to complete the assessment.

2.5.4. Discharge Permit Compliance

VWPL operates Tidworth Sewage Treatment Works (STW) under a groundwater discharge permit. This permit was revised in 2017 - increasing the permitted Dry Weather Flow and including nitrogen removal requirement, and VWPL upgraded Tidworth STW accordingly to be able to maintain compliance against those new discharge parameters.

During the reported period, Tidworth STW remained compliant, however as described in section 2.5.1, the very high winter flows combined with the high level of the groundwater table have significantly impacted the normal operation of the works and especially the lagoon infiltration system which reached its maximum capacity. VWPL is currently engaging with the EA to identify and agree on alternative discharge long term options.

2.5.5. Sludge Disposal

This aspect of the treatment works activity is sub-contracted to Wessex Water on a commercial basis.

The VWPL duty of care in this regard identifies that Wessex Water transports the Tidworth STW sludge effluent to their treatment facilities at either Ratfyn or Amesbury in Wiltshire. The daily travelling distance for either location is < 20 Km.

3. Financial Indicators

3.1. Post-Tax Return on Capital and 3.4.3 Gearing

VWPL does not have a regulatory capital value therefore it is not possible to present a post tax return on capital or gearing percentage in relation to this.

3.2. Credit Rating

Given its size VWPL also does not have a credit rating and its licence does not require that it maintain an investment grade credit rating.

3.3. Interest Cover

Interest cover, calculated as operating profit divided by interest payable (both as reported in the statutory accounts) is set out in the table below. Since 31 March 2012 statutory accounts VWPL reported interest income (as opposed to interest expense) so the interest cover calculation is not possible.

	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020
Operating profit £'000	1,188	481	1,506	755	332	583	1,060	1004	815
Interest income/ (expense) £'000	21	36	40	34	30	25	30	17	11
Interest cover (x)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

3.4. Other Financial Indicators

VWPL is primarily an equity financed company with minimal debt. It had shareholder's funds amounting to £5.1M at 31 March 2021.

4. Appendix

Description	Target	Q2 2020	Q3 2020	Q4 2020	Q1 2021	YTD Contacts
Low pressure	<i>Nil</i>	0	0	0	0	0
Unplanned interruption/ Burst main	<i>No.</i>	0	0	15	0	15
Properties at risk of sewer flooding	<i>No.</i>	0	0	0	0	0
Sewer flooding external	<i>Nil</i>	0	0	0	0	0
Sewer flooding internal	<i>Nil</i>	0	0	0	0	0
Bill queries and resolutions	<i>100% dealt with/compliant within 5 working days</i>	122	62	125	145	454
Written/TP complaints	<i>100% dealt with/compliant within 5 working days</i>	0	0	0	1	1

Description	Penalty Payment	Q2 2020	Q3 2020	Q4 2020	Q1 2021	YTD
Missing appointments	<i>Auto £50</i>	0	0	0	0	0
Billing and Charges	<i>10 business days - Auto £10, £30 & £50</i>	0	0	1	0	1
Water / Wastewater written complaints	<i>10 business days - Auto £30</i>	0	0	0	0	0
Sewer flooding - Internal	<i>Refund Wastewater bill - Auto</i>	0	0	0	0	0
Sewer flooding - External	<i>Material affect <£75 - Claim</i>	0	0	0	0	0
Supply restoration, planned work failure	<i>£20 - £50 - Auto</i>	0	0	15	0	15
As above, additional 24 hrs	<i>£10 - £25 - Auto</i>	0	0	0	0	0
Unplanned restoration	<i>£20 - £50 - Auto</i>	0	0	0	0	0
As above, additional 24 hrs	<i>£10 - £25 Auto</i>	0	0	0	0	0
Low Pressure >7m hd x2 in 28 days.	<i>£25 Auto or Claim</i>	0	0	0	0	0
Failure to make Auto payments	<i>£10, £20, £50, Claim and Auto</i>	0	0	0	0	0