

A guide to delivering our social purpose

Our outcome plans and our social contract April 2020





Introduction

This handbook summarises our plans for how we intend to deliver our social purpose.

As a provider of an essential public service we recognise the responsibility that we have to society to have a positive impact beyond the provision of a safe and reliable supply of water. We feel this responsibility through our culture and our values, and we are passionate about making a real difference to our local communities. We have reflected this responsibility in our social purpose.

Our plans for the next five years have been developed through consultation with our customers and stakeholders and set out how we achieve our purpose. In this document we provide an update of our plans in the following areas which underpin the achievement of our social purpose.

- The outcomes and performance commitments agreed with our regulators through our business plan;
- Our social contract commitments which seek to deliver our outcomes by working with others in a way which maximises value to our communities;
- Our support for the sector wide Public Interest Commitments (PICs), which complement our plans; and
- The way we work day to day, which is driven by our culture and our values.



Starting at the beginning: our reason for being

Bristol Water provides clean and reliable drinking water to 1.2 million customers and 34.000 businesses all in our supply area which ranges way beyond Bristol, from Tetbury all the way down to Glastonbury.

Way back in 1846, water borne diseases like cholera were growing rife in the city, and the city's poor health affected people's ability to work which led to extreme poverty.

The Bristol Water Works Company (as we were known back then) was formed by a handful of physicians and philanthropists with a big vision, and ambition by the bucketload. Their idea was radical - to bring water from the Mendips, 16km into Bristol through gravity.

With support from local businessmen, and the wellbeing of the city still at the heart of their vision; Bristol Water was formed by an act of parliament which saw public health improve, and cholera eradicated. In fact, we didn't make a profit in the

first 20 years of operation just so we could focus on improving assets and services; we even use the same aquaducts and tunnels to this day!

Now, we face different challenges. But our purpose still remains - to have a positive impact beyond our essential service, so that our customers and stakeholders trust in us beyond the delivery of safe and reliable drinking water.

Why do we have a social purpose?

We were established over 170 years ago, and we stay true to our roots today. Our purpose then, still applies our communities, our colleagues, and the environemnt beyond the delivery of pure and reliable water.

We recognise our privileged position as a trusted monopoly provider of an essential service and the opportunity that this provides to have a positive impact on society

There have been many questions over recent years about the role of business in society, particularly for utilities such as the water sector. We understand this, as being a water company is a bit different from most other privatelyowned business:

- We provide a service which is essential for public health and wellbeing
- We are a monopoly supplier, so customers generally have to purchase their water from us
- We rely heavily on our local environment to provide our raw product
- We own special sites which provide unique recreation opportunities to our local communities

We therefore hold a unique position within our local communities and directly contribute to the wellbeing of society and the health of our local environment. This position brings with it a responsibility for us to go beyond the purely commercial transaction of supplying a product to our customers.

We see that we need to play a role in helping to address some of the challenges which society faces today and in the future. We cannot do this alone; we need our customers to help us by using water wisely and our local stakeholders to work with us to identify opportunities to support our communities through our unique skills and resources. This is an important part of our approach – the need to work together for the greater good of society.

Our purpose is owned by the Board (which includes our shareholders) and is set out in the Board's Corporate Governance Code - a statement from the Board which sets out how it intends to operate. This means that the Board will consider how decisions affect the wellbeing of our customers, communities, colleagues and the environment in the long term, rather than being solely focused on the delivery of regulatory targets and maintaining healthy finances.

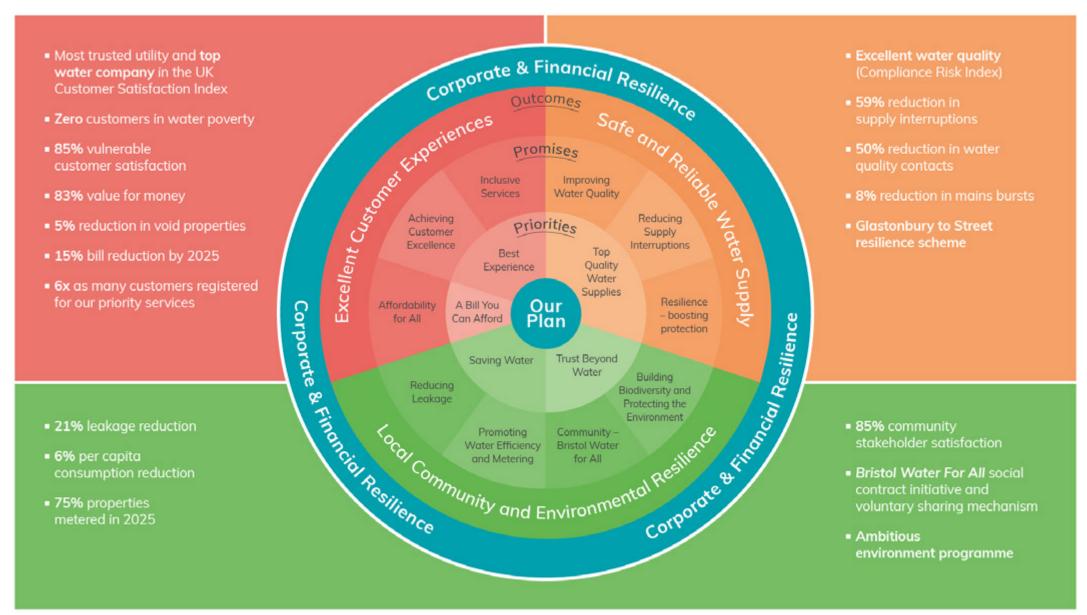
Delivering our purpose through our outcomes

Through consultation with customers and stakeholders, we have set out our business plan for 2020-2025.

The four outcomes of our plan (safe and reliable supply, local community and environmental resilience, excellent customer experiences and corporate and financial resilience) are shown in the wheel overleaf, together with our 10 customer promises which meet our customers' five key priorities.

The orange and red parts of the wheel reflect our plan to provide top quality and highly reliable water, whilst also providing excellent customer experiences of the services we offer. The green part of the wheel reflects our plan to provide safe and reliable water in a way which is best for the environment and our communities. The blue outer rim of the wheel recognises the need to have robust ways of working and resilient finances to ensure that we can continue to deliver our outcomes efficiently long into the future.

We have translated this wheel into performance commitments which provide us with targets to measure our progress by.



Our 'Bristol Water for All' wheel showing our plans to meet our customers' priorities through our promises and outcomes

Delivering our purpose through our social contract

To deliver our social purpose, we need to work in a way which has the most positive overall impact on society.

So while our outcomes set out what we plan achieve, our social contract sets out a way of working. This directs how we seek to understand the needs of our communities and then sets specific commitments (initiatives) to contribute in areas which fit with our role as a water company.



What's it all about?

The aims of our social contract

To ensure that we deliver wider societal benefits in a way which contributes to resolving the key issues which society faces

with our local communities to understand their evolving needs beyond water, to assess how and where we can add social and economic value through the services that we provide

A transparent mechanism by which our customers, stakeholders and employees influence the decisions we make which affect our local communities

A process which ensures that Board level decisions focus on wider societal impacts and benefits of our activities

Fair and transparent policies, communications and ways of working which help to engender customer trust

An approach which promotes innovation in response to societal challenges, and complements both markets and regulation

A means of holding us to account to deliver the benefits of a local company, with financial consequences related to the cost to customers if we fail to perform on our social contract

Participants in our social contract

Parties within a social contract voluntarily make individual commitments for the greater wellbeing of society. This philosophy is reflected in our social contract, which forms a voluntary commitment between the company and its customers, employees, community stakeholders and the Board. The Bristol Water Challenge Panel helps us by providing scrutiny and challenging us on our performance.

Participants in our social contract

Bristol Water Challenge Panel

This Panel is formed of customer and stakeholder representatives and is chaired by Peaches Golding, Her Majesty's Lord-Lieutenant of the County and City of Bristol. It meets regularly to challenge us on the development of our social contract approach and to ensure that customer viewpoints are sought and reflected in our plans. The Panel engages directly with management and the board.

Bristol Water Board

The members of our board have set out in writing that they shall have regard for the social purpose of Bristol Water when fulfilling their role as directors of the company. The Board oversees the delivery of our social contract. One of the Independent Non-Executive Directors of the Board has a specific responsibility to focus on community and employees and to ensure that their views are relayed to the Board as part of its decision-making process.

Customers

Customers are engaged in our social contract through our customer forum, youth board and online panel. They are also engaged through our programme of communications and through our community projects, such as our water bar at local festivals. As part of our social

contract framework, we measure customer satisfaction in us through the UK Customer Satisfaction Index. This approach allows us to compare ourselves to other utility companies and other industries.

Employees

Our employees are engaged through internal communications, our employee forum and through participation in our community projects. Each employee receives two days of volunteering time each year, which they can use in addition to any community activities which form part of their role. We also have a Brainwaves scheme which encourages employees to submit their ideas on any aspect of our business.

Community stakeholders

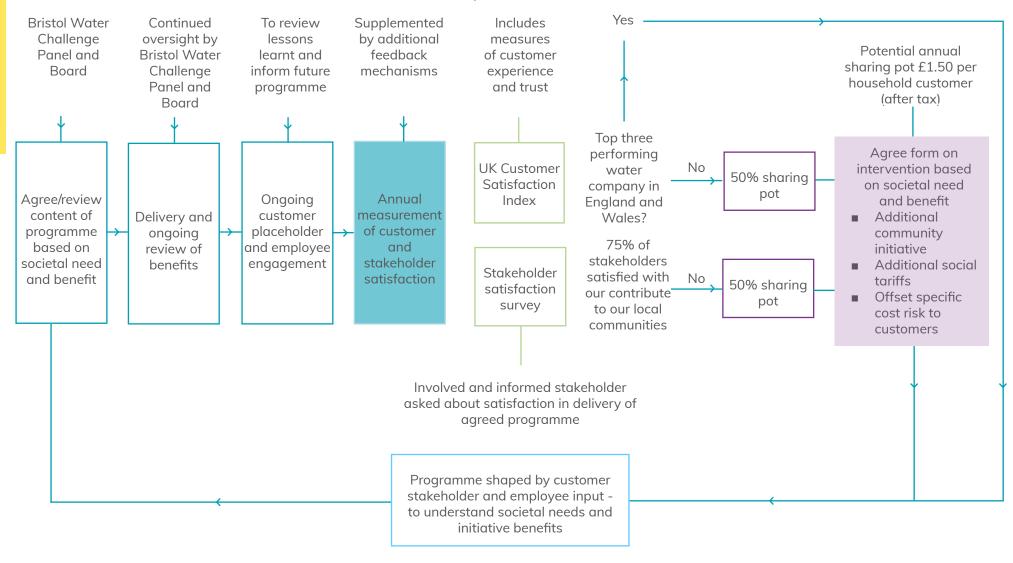
Our community stakeholders are a diverse group of businesses and charities who share our social purpose. We need their help and expertise to deliver our social contract programmes effectively. We undertake an annual stakeholder survey to find out how well our stakeholders think we are doing in delivering our social purpose.

Accountability through our voluntary sharing mechanism

Trust is clearly important, and if customers and stakeholders are to trust that our commitment to our social purpose is meaningful, we need to measure and act depending on their satisfaction with our delivery. We have introduced a voluntary sharing mechanism which provides a financial consequence if we fail to meet the wider expectations of our communities. We set out how this mechanism works within our annual social contract process overleaf.



Our annual social contract process



Our social contract programmes of initiatives mechanism

To deliver wider benefits to societal and environmental wellbeing in a structured and transparent way, we have developed nine programmes of initiatives. Each initiative delivers a benefit to communities in partnership with stakeholders.

This is an annual programme of activity which aims to maximise the delivery of social and environmental benefits through the way that we utilise our skills and resources and deliver our statutory obligations.

A summary of our programmes of initiatives is shown overleaf.

You can find out more about our social contract, including full details of all our initiatives at www.bristolwater.co.uk/socialcontract.





Our Social contract in action

Conservation
Protecting natural resources
through measuring and
improving biodiversity

We are on a journey, we have a proud history of serving the communities around Bristol – our social purpose



4 Community Engagement
We are part of the communities we
serve, with initiatives such as the Bristol
Water Bar and Refill Bristol

Resource West

Working with local partners to deliver a joined up approach to resource efficiency across different sectors 2 Health & Wellbeing Facilitating the enjoyment of recreational activities such as fishing, sailing, walking, cycling and birdwatching



we serve together

Vulnerability
 Technology and data will help us to work with local stakeholders to deliver the specific needs of individuals – building a shared connection with the communities.

8 Education – employees for the future

Inspiring the next generation to raise their aspirations to want to work in the water sector, improving social mobility by providing opportunities that build the skills we need as a diverse employer to deliver our social purpose



for a more sustainable future





Local and regional strategies
Supporting local and regional plans
to address the challenges of society
and progress towards a sustainable
and carbon-neutral Bristol

Affordable for all, for the wellbeing of society

Our social purpose – To have a positive impact on the lives of our customers, our communities, our colleagues, and on the environment, beyond the delivery of pure and reliable water 10

Education – citizens for the future

Building a shared connection between our people, the organisations we work with and future citizens. Harnessing the concerns of the next generation to change the culture of the current



Academic Partnerships

Linking academic research to help us with social challenges, tackling the key issues such as resource efficiency. Innovating through learning and providing opportunities for student projects

Delivering our purpose at a sector level

In addition to our own local commitments to our customers, we are working with the water sector to deliver some specific sector-wide commitments to customers.

Triple the rate of sector-wide leakage reduction by 2030

Make bills affordable as a minimum for all households with water and sewerage bills more than 5% of their disposable income by 2030 and develop a strategy to end water poverty.

Achieve net zero carbon emissions for the sector by 2030

Prevent the equivalent of 4 billion plastic bottles ending up as waste by 2030

Be the first sector to achieve 100% commitment to the Social Mobility Pledge

Delivering our purpose through the day to day

The little things we do every day are just as important as big ambitious commitments when it comes to achieving our social purpose. We all have a role to play.

Our company values provide a guide for a way of working which will help us achieve our purpose together. They empower us to be ambitious in doing more for customers and our communities, building on the passion and pride we feel in providing an essential service. We must work together to do this, with colleagues and stakeholders and we need to continue to be transparent and accountable in the actions which we take to deliver our purpose.

Our new Employee Forum provides an opportunity for employees to find out more about how we are delivering our social purpose, to contribute their own ideas and to sign up to get involved in specific initiatives.



Working efficiently to keep bills low

Delivering our purpose is important. We need to do this efficiently to make bills as affordable as possible for customers -which is also a key part of our purpose.

Delivering our purpose is about finding the opportunities in the things we do best to deliver additional benefits to our communities, customers, employees and the environment. Often a small change in how we deliver our essential service can make a big difference without costing more, and can even save money in the long term. Where we invest in new initiatives, we need to be sure that the combination of company and community benefits outweigh the costs. We are improving our cost benefit analysis tools to help us to do this.

Our business plan for 2020-25 sees bills reduce for customers in real terms, despite the significant service improvements within our plan. The actual level of the bill will vary slightly due to our performance against those targets which have financial outcome delivery incentives attached

In the chart below we show how the average bill level in 2020/21 compares to the previous six years. The teal bar ('prices of the day') shows the value of the bill which would

have been paid at the time - with the average bill being £29 lower today than in 2014/15.

The yellow line ('today's prices') equates the bill level in current day prices (so takes inflation into account) – with bills being £49 lower today than they were in 2014/15.





Case study 1: Water fountains

Fountains, like Bristol Water, have a long history in the city. Back when it all started, water was only pumped directly into wealthier homes, leaving the poorer areas with communal water pumps. Not a favourite amongst the locals, in fact they much preferred to stick with the beer which caused a rise in alcoholism.

So, by 1859 Bristol Water opened the first public water fountains; one in Princes Street, Welsh Back and St Nicholas Street, But as more and more houses got access to fresh water, the fountains fell into dis-repair.

Fast forward 174 years later, and water fountains have made a comeback; all thanks to our passionate employees. Today, our challenges are a little different. Instead of reducing alcohol consumption, we're battling sugary drinks, eradicating plastic bottles, and providing clean water for the homeless. So far, we've installed ten fountains which will save the city around 50,000 plastic bottles a year.

And we're not stopping there. We're rolling even more fountains out to our wider supply area, which our customers, employees, and stakeholders have told us is important to them. In fact, at our January 2020 Employee Forum, our employees even gave us some great ideas of where they'd like to see the next fountains. Our water fountains are a great example of our employees being at the heart of our social purpose and of using our unique resources and skills to deliver a benefit to our community.



St Nicholas Street water fountain, installed 1859

Case study 2: Our local response to big issues

Bristol Water is an essential and long-standing part of the fabric of Bristol and as one of the smaller and oldest water companies. We recognise the strength of local solutions to national challenges and are working closely with other stakeholders within Bristol and our wider supply area too, to develop joint actions plans in response to the climate and ecological emergencies declared by Bristol City.

Examples of how this is working in practice are:

- Our membership of the <u>Bristol City Environment Board</u> and the Ecological Emergency Working Group
- Supporting the drafting of the city's climate strategy and the city's bid for climate action funding, and
- Our sponsorship of the <u>Bristol Green Capital</u> Partnership and associated stakeholder events

Through our work with local stakeholders we aim to lead change and local action. This approach is perhaps best illustrated by the event we co-hosted with Bristol Green Capital Partnership in July 2019. We invited city stakeholders to debate what people would need to be like in the future (both at home and at work) to achieve Bristol's ambitious goals and how we could collaborate to help to shape and enable this future.

Participants developed a vision for future citizens who were resource efficient, carbon neutral, employed, active, healthy, producing and eating local produce, regular volunteers, as well as educated and educators. In this vision, at work there was alignment between personal and corporate values, with a strong social conscience, a sense of environmental responsibility, a focus on diversity, human rights and fairness with recognition that business has an impact that goes well beyond economic.

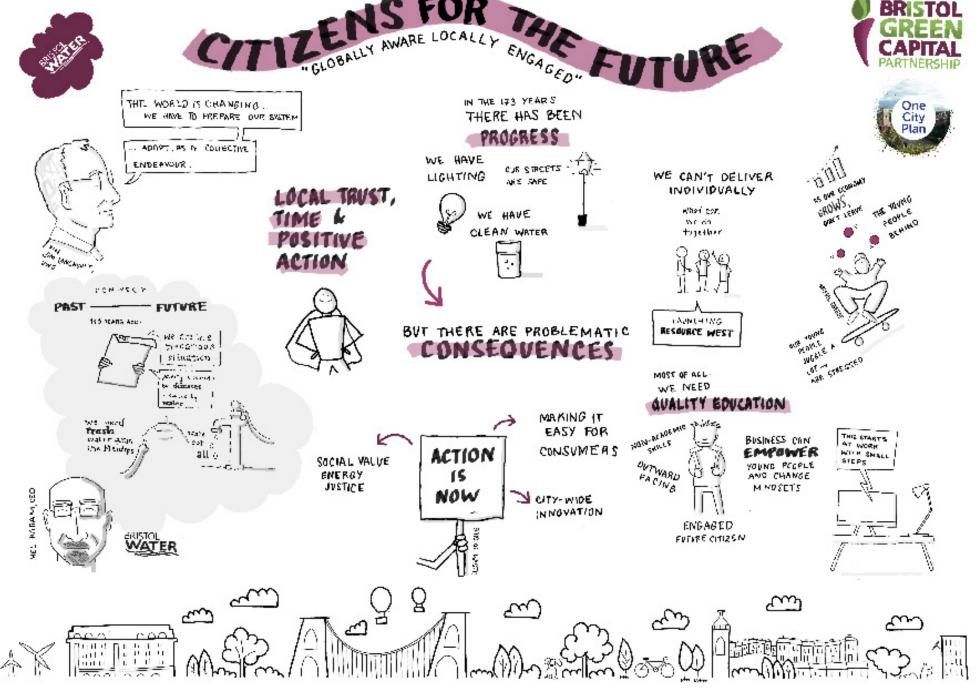
Participants made pledges with specific actions to contribute to this future vision. These included commitments to form new partnerships and sharing existing best practice. We have built on the outcome of this event through our Resource West Partnership, a local action group formed of city stakeholders which is seeking to drive transformational levels of reduction in resource use across energy, water and waste.

Although our approach is currently heavily focussed within Bristol, it can readily be implemented beyond the city's boundaries.

I've got an idea...







Case study 3: Our mentoring and skills

We recognise our role in supporting future generations. Our Youth Board has told us that life for young people is tough right now, with the stress of exams, active use of social media and anxiety about climate change, as well as worrying about being able to get a job in the future. Teachers tell us that career aspirations in many students are low due to limited experience of different career options and different work environments.

So together with partners from West of England Mentoring and South Bristol Youth, we are running two different mentoring programmes to help provide students with experience of life within Bristol Water and the wide variety of roles on offer. We provide experience of skills such as teamwork, organisation and communication and help with writing a good C.V. We also ran a career day at our neighbouring Bedminster Down School, to provide 240 year 9 students with a flavour of career routes into Bristol Water as well as personal experiences from past students who now work for Bristol Water.

We asked a group of students whether our mentoring programme had made a difference to them:

- All students said they felt more confident about themselves and their abilities and that they had learnt about skills needed for work
- All students said they felt better about school since taking part

Over half said that they changed or amended their plan for post GCSE's since taking part

Here's what some students said they had learnt and how they had changed as a result of the mentoring programme:

- "Resilience I never give up. Team Work. What to do when not going to plan"
- "How to write a CV, a little bit about engineering, a lot about Bristol Water"
- "Perseverance. Team work. Confidence. resilience"
- "I can now ask for help in lessons if I need it. I put my hand up more so now the teachers help me because I put my hand up."
- "I will try a lot harder to get good GCSE's"
- "I will get good grades then go to 6th form, then go to college or university then hopefully get a job and a house"

Not only have these programmes received positive feedback from staff and students, but they have also provided Bristol Water employees with an opportunity to expand their role and gain new experiences through working with young people.

We are now developing our work experience programme and in the future, we aim to provide an apprenticeship scheme to provide further structured opportunities for students to build on their mentoring experience with us.











Performance commitment targets and incentives

Excellent Customer Experiences targets

			External target				
Performance commitment	ODI type	Unit	20/21	21/22	22/23	23/24	24/25
Customer Measure of Experience (C-MeX)	Penalty & Reward	C-MeX Score	Тор 5	Тор 5	Тор 5	Тор 3	Тор 3
Developer Measure of Experience (D-MeX)	Penalty & Reward	D-MeX Score	Top 5	Тор 5	Тор 5	Тор 3	Тор 3
Priority Services Register	Reputational	% PSR reach	3.1	4.1	5.1	6.1	7.0
Percentage of customers in water poverty	Reputational	% customers with water bill >2% disposable income	0	0	0	0	0
Value for money	Reputational	% satisfaction	80	81	82	83	83
Percentage of satisfied vulnerable customers	Reputational	% satisfaction	85	85	85	85	85
Void properties	Penalty & Reward	% of households	1.9	1.9	1.8	1.8	1.8
Total household customer complaints	Reputational	No. complaints per 10,000 connections	19/20 UQ	20/21 UQ	21/22 UQ	22/23 UQ	23/24 UQ

Performance commitment targets and incentives

Local Community & Environmental Resilience targets

·			External target				
Performance commitment	ODI type	Unit	20/21	21/22	22/23	23/24	24/25
Leakage	Penalty & Reward	% reduction (3-year average	6.1	11.4	15.8	19	21.2
Per Capita Consumption (PCC)	Penalty & Reward	% reduction (3-year average)	1.3	2.6	3.9	5.1	6.3
Meter penetration	Penalty & Reward	% household properties at year end	67.7	69.5	71.3	73.1	75.0
Raw Water Quality of Sources	Penalty & Reward	Kgs of Phosphorus removed	109	216	322	427	531
Biodiversity Index	Penalty & Reward	Biodiversity index score	17,668	17,678	17,689	17,700	17,711
Waste disposal compliance	Penalty	%	100	100	100	100	100
Water Industry National Environment Programme Compliance	Penalty	%	100	100	100	100	100
Water Industry National Environment Programme	Reputational	Delivery of agreed set of com- mitments	met	Met	Met	Met	Met
Local community satisfaction	Penalty & Reward	% stakeholder satisfaction	85	85	85	85	85
Abstraction Incentive Mechanism (AIM)*	Penalty & Reward	Megalitres	-186.1	-186.1	-186.1	-186.1	-186.1

Performance commitment targets and incentives

Safe and Reliable Supply of Water targets

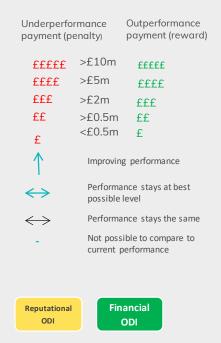
Sare and Renasie Sup	oply of water targets		External target					
Performance commitment	ODI type	Unit	20/21	21/22	22/23	23/24	24/25	
Water quality compliance	Penalty	Compliance Risk Index	0	0	0	0	0	
Supply Interruptions	Penalty & Reward	Average Hours: Minutes: Secs per property per year	00:06:30	00:06:08	00:05:45	00:05:23	00:05:00	
Mains Repairs	Penalty	No. repairs per 1000km of mains	138.4	136.5	134.6	132.7	130.7	
Unplanned Outage	Penalty	% of peak week production capacity	2.34	2.34	2.34	2.34	2.34	
Risk of severe restrictions in a drought	Reputational	% of population at risk of restrictions in 1/200 year drought	38.0	29.8	29.8	29.8	25.6	
Customer contacts about water quality – appearance	Penalty & Reward	No. contacts per 1,000 people	0.83	0.73	0.63	0.53	0.43	
Customer contacts about water quality – taste and smell	Penalty & Reward	No. contacts per 1,000 people	0.4	0.36	0.32	0.28	0.25	
Properties at risk of receiving low pressure	Penalty & Reward	No. of properties	65	61	57	53	53	
Turbidity performance at treatment works	Penalty	No. of treatment works above NTU threshold	0	0	0	0	0	
Unplanned maintenance – non-infrastructure	Penalty	No. of jobs	3,272	3,272	3,272	3,272	3,272	
Glastonbury Street Network Resilience	Penalty	No. of months delay	0	0	0	0	0	

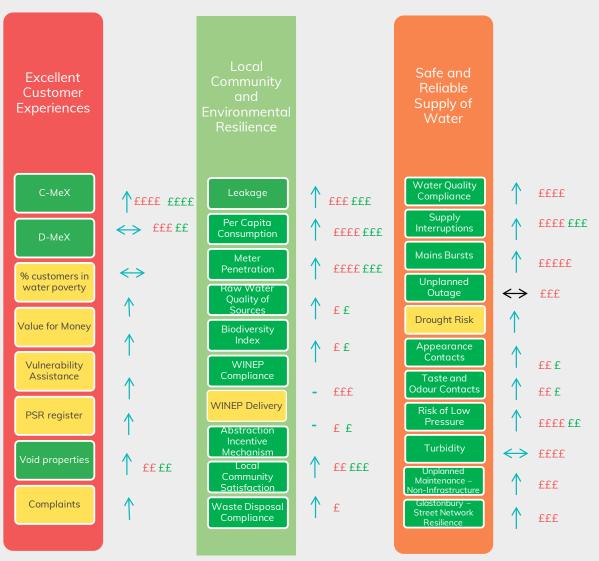
Incentive levels and performance improvements

Our performance commitments are linked to Outcome Delivery Incentives (ODIs). The majority of ODIs are financial – with outperformance payments for beating our targets and underperformance payments for missing our targets.

Our plan delivers improvements in almost every measure where it is possible to improve further.

The amounts are the total incentive range over 2020-2025





It's down to all of us

Our role in improving the wellbeing of society was something our founders were passionate about. That same pride and passion has been felt by the thousands of people who have worked for Bristol Water throughout its 174 years. Now it's our turn to make a difference.



Live the purpose Challenge ourselves to deliver our

purpose in our day to day activities



Get involved

Support one of our social contract initiatives or help us develop new ones- contact us at StrategyAndRegulation@ bristolwater.co.uk



Find out more

Visit our dedicated webpage for more information www.bristolwater. co.uk/social-contract