

➤ Our area ...

Northumbrian Water serves the north east of England to the east of the Pennine hills, from Berwick upon Tweed in the north to Darlington in the south. This is an area of contrasts. Whilst the major population centres of Tyneside, Wearside and Teesside are



in our area, we also serve vast rural areas in Northumberland and County Durham.

Most of our customers are supplied with drinking water from upland reservoirs to the west of our region, the largest of which is Kielder reservoir. The water flows through rivers or pipes to treatment works nearer the centres of population.

We also provide waste water services. Many of our major sewage treatment works are near the coast, because that is where most of the population lives. But we also have hundreds of smaller sewage treatment works serving smaller populations.

➤ Our assets ...

We supply over 700 million litres of water to our customers every day. To do this we operate and maintain 35 impounding reservoirs, 31 water treatment works, over 200 treated water storage reservoirs and 230 pumping stations. The water is supplied through more than 17,000 km of water pipes – enough to stretch from Durham to Sydney in Australia. We also have a separate industrial water system supplying around 200 million litres of water per day to industry on Teesside.

We manage almost 16,000 km of sewers and over 600 sewage pumping stations which must cope with both sewage (waste water from homes and businesses) and surface water (mostly flows from rainfall). It is expected that water companies will take over a number of privately owned sewers in the near future and we estimate this will add a further 12,000 km of sewers to our asset base. We operate over 400 sewage treatment works, of which 160 are major works, treating effluent to exacting standards. At Bran Sands on Teesside we have a unique facility treating large volumes of industrial waste from chemical, steel and other heavy industry. This facility has contributed to major improvements to water quality in the river Tees.



John Cuthbert,
Managing Director.

Foreword

Northumbrian Water has come a long way since the water industry was privatised nearly 20 years ago.

The quality of our drinking water is the best it has ever been and we have contributed to significant improvements in river and bathing water quality. Most importantly, levels of customer service have improved enormously and customer satisfaction levels are consistently high.

There have been major changes in the world around us in that time, too. Technology has transformed the way we live and work – 20 years ago who would have imagined the impact the internet or mobile phone would have on our lives?

Yet for Northumbrian Water there has been one constant and that is our commitment to give our customers an excellent service and to provide value for money. That commitment will remain as we prepare our strategy for the next 25 years and beyond.

We have already undertaken extensive research with our customers to make sure we can continue to achieve and improve upon these high levels of customer satisfaction and to understand how they value, and are prepared to pay for, our services.

This document is the next stage in our planning process, and is your opportunity to contribute to our plans.

No-one can predict with complete certainty what the world will look like in 25 years time, but we have tried to identify the major challenges we will face and how we propose to overcome them. A key challenge will be responding to the likelihood of more frequent and more intense storms from the changing climate. This will put pressure on the capacity of drainage systems to cope, particularly in urban areas.

By 2009-10 we expect water and sewerage bills in the north east to be the lowest in the country. We believe it should be possible to maintain this position whilst delivering the challenging aspirations for improved service and environmental enhancements outlined in our plan.

Water is a vital element for your health and the environment we all live in, so please take time to consider our plans and send us your comments.

Thank you

John Cuthbert

Managing Director

28 November 2007

Introduction

Northumbrian Water has produced a long term plan called 'Looking to the future'. This page describes who we are, what this document contains and how you can give us your views on our plans.

Who we are

Northumbrian Water provides water and sewerage services to 2.6 million people in the north east of England. We are an independent company with its headquarters in Durham.

We also trade in the south of England as Essex & Suffolk Water where we provide water services only to 1.8 million people.

This document only covers our operations in the north east of England.

Our role

Our role is to provide a sustainable, affordable, clean and safe water supply and to manage and treat the waste water returned to us in a way that protects the environment. We will carry out our operations in the most environmentally sensitive way possible.

Our mission

To be the national leader in sustainable water and waste water services.

Our people

We employ over 1,800 people in the north east of England. One of our strengths is the commitment and loyalty of our employees, with employee turnover being well below the water industry average.

What this document contains

We are planning the services Northumbrian Water aims to provide in the future. We put meeting the expectations of our customers at the heart of our plans.

Mapping out our ambitions for the next 25 to 30 years will allow us to plan and phase investment over the years to make achieving our future aspirations affordable.

This document sets out our goals and aspirations for the long term. It has been written for consideration by all our stakeholders but with a particular focus on our customers.

A separate document is available describing our plans for our operations in Essex and Suffolk.

Giving us your views

We welcome your views which will help us further shape this strategy. Comments should be made by the end of February 2008 via our website www.nwl.co.uk or sent to us in writing to: Ken Oswald, Head of Economic Regulation, Northumbrian Water, Abbey Road, Pity Me, Durham, DH1 5FJ.

Summary



Horsley water treatment works
in Newcastle upon Tyne.

This document sets out our long term business aspirations and our intermediate goals.

Our mission is to be the national leader in sustainable water and waste water services. We are passionate about customer service and have put customers at the forefront of our strategy. We will strive to:

- satisfy our customers and deliver affordable services
- protect and enhance the environment
- take a sustainable approach to all our activities
- behave fairly and responsibly
- contribute to economic development in our region
- improve the quality of life of the communities we serve
- attract and retain high calibre employees
- be a learning organisation, promoting and embracing innovation.

We are committed to not only safeguarding current services but also improving them for the long term benefit of our customers and the communities we serve. We aim to balance social, environmental and economic priorities.

We have a responsibility to the people and businesses in the north east. We aim to contribute to regional development by providing top class, competitive water services, by protecting and enhancing the water environment and by being a responsible employer. We are committed to supplying excellent drinking water quality. To do this we will proactively identify risks from source to tap and take action to manage them.

We will continue to give a high priority to ensuring our operations are sustainable. This includes minimising our carbon emissions and enhancing habitats for wildlife on land under our control.

Our strategy has a firm foundation. Drinking water quality is at an all time high and the quality of rivers and bathing waters has improved tremendously over the last 20 years. Satisfaction with service and value for money is also high, with customers scoring the company an average of 8.1 and 7.8 (out of 10.0) respectively for these measures. We are proud of this record but more can and should be done.

continued overleaf ...

Summary continued ...

Summaries of our long term aspirations and intermediate goals are shown opposite. They reflect our understanding of our customers' priorities and what we believe a leading water company should aspire to do. We believe they are challenging and deliver improvements which our customers value. The timescale for achieving our long term aspirations will vary. Some, such as customers having no cause for complaint, may never be entirely achieved but represent aspirations we will constantly work towards.

Our intermediate goals take into account current knowledge of customers' priorities and willingness to pay for improvements. Unless specified otherwise, we plan to achieve intermediate goals by 2020. Our business plan for 2010 to 2015 will include a package of measures that move us towards these goals.

For many areas investment will be required to maintain and further improve service.

We are committed to refurbishing and replacing our assets at appropriate intervals. Our asset base has been growing and, therefore, we will need to increase investment in these maintenance activities in the future.

Investment in meeting new drinking water quality and environmental standards is likely to reduce. However, significant investment is also likely to be required to deal with climate change, particularly to manage the risk of flooding caused by surface water from more intense rainfall.

There remain uncertainties but we believe overall investment will remain broadly stable for at least a decade, though areas needing investment are likely to change. Beyond that the investment trend will be dependent on what action is needed to cope with climate change.

We are only too aware that bills must remain affordable for our customers. We intend to manage the level of bills by being as efficient as possible and carefully phasing investment over time, guided where

appropriate by our customers' views. We aim to keep bills as low as possible without compromising the sustainable provision of safe and secure water supplies or our commitment to protecting the environment.

We think that it should be possible to avoid prices rising significantly above inflation. Because we have sufficient water resources in the north east and a high percentage of our rivers are already of good quality, we believe in the future required investment may be lower than for some companies.

However, there are pressures to increase bills that are outside our control. For example new requirements introduced by government, such as the forthcoming adoption by water companies of certain privately owned drains and sewers and the impact of the Traffic Management Act, will increase the cost of providing services.

There may also be further rises in abstraction and energy costs.

As we go forward we will continue to work closely with stakeholders in the region and nationally. We aim to be well placed to adapt to new situations and to adopt new ideas and technologies where these will benefit our customers and stakeholders.

We will review our long term plans at regular intervals.

Our plans are set out in more detail in the rest of this document.

CUSTOMER SATISFACTION

AREA	INTERMEDIATE GOAL	LONG TERM ASPIRATION
Satisfaction with service (score out of 10.0)	All customers satisfied (100% of customers score 6.0 or more) Average score improved from 8.1 to 8.5	All customers continue to be satisfied (100% of customers score 6.0 or more) Average score above 8.5
Satisfaction with value for money (score out of 10.0)	90% of customers score 6.0 or more Average score improved from 7.8 to 8.2	90% of customers continue to score 6.0 or more Average score above 8.2
Billing and metering complaints	Reduce complaints by 50%	Remove all cause for complaint
Customer contacts (operational matters)	Resolve 80% at first point of contact	Resolve 90% at first point of contact
Customer contacts (billing matters)	Resolve 95% at first point of contact	Continue to resolve 95% at first point of contact

WATER QUALITY

Safe water supplies	Zero breaches of health related water quality standards	Continue to have zero breaches of health related water quality standards
Discoloured water complaints	Reduce complaints by 50% to 2,500 per annum	Zero complaints
Taste and odour of drinking water	Investigate and produce an action plan by 2013	All customers find drinking water pleasant to drink

AVAILABILITY OF WATER

Sufficiency of water supplies	Continue to provide sufficient water	Continue to provide sufficient water
Frequency of hosepipe bans	No hosepipe bans	No hosepipe bans
Leakage from pipes	Manage at the long term sustainable economic level	Continue to manage at the long term sustainable economic level
Saving water	Promote reductions in water use and wastage at a level appropriate to resource position	Continue to promote reductions in water use and wastage
Metering	Meter 40% of properties by 2020	Meter as many properties as practicable
Unplanned interruptions to supply	Reduce by 50%	Zero unplanned interruptions
Planned interruptions to supply	Reduce current levels by 25%	Reduce current levels by 50%
Water pressure	Reduce properties receiving poor pressure by 67%	Zero properties with poor pressure

WASTE WATER SERVICES

Strategic, long term sewerage plan	Produce a plan by 2013 in liaison with the EA, local authorities and other stakeholders	Maintain a strategic, long term sewerage plan
Properties experiencing internal sewer flooding	Significant reduction	Reduce to zero
Properties experiencing external sewer flooding	Significant reduction	Reduce to as near zero as possible
Pollution incidents	Reduce to less than 50 by 2015	Reduce to zero
Sewage litter in water courses	Continue to address litter from sewer overflows	Stop sewage litter entering water courses
Meeting standards for discharges from sewage treatment works	Zero breaches of consent standards by 2015	Zero breaches of consent standards
River water quality	Contribute to further worthwhile improvements to river water quality	Contribute to further worthwhile improvements to river water quality
Bathing water quality	Contribute to all bathing waters in the north east being classified as good or excellent	Contribute to all bathing waters in the north east being classified as good or excellent

SUSTAINABILITY, ENVIRONMENT AND CLIMATE CHANGE


Sustainability	Factor sustainability into all of our planning and actions	Factor sustainability into all of our planning and actions
Biodiversity	Contribute to 95% of SSSIs being in favourable condition or recovering by 2010	To increase biodiversity on our land holdings
Carbon management	20% of energy used self generated by 2015	Move towards carbon neutrality
Protecting services	'Future proof' services against climate change and its effects	'Future proof' services against climate change and its effects

FINANCIAL

Company efficiency	To be recognised as one of the most efficient companies in the UK by 2015	To be recognised as the most efficient water company in the UK
Financing the investment programme	Maintain a solid investment grade rating	Maintain a solid investment grade rating

EMPLOYEES

Health and safety	Continually improving trend towards zero accidents resulting in time off work	Zero accidents resulting in time off work
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