



AffinityWater

# Annual Report Summary

for the year ended  
31 March 2025

# We're taking care of your water now and for the future

## Purpose

At Affinity Water, our purpose is clear: to provide high-quality drinking water for our customers while protecting and caring for the environment, for our diverse communities today and for future generations.

We're committed to being open, transparent, and responsible in everything we do. That means working closely with our customers and partners, reducing our impact on the environment, and always striving to meet the highest standards in governance and ethics.

We believe in doing the right thing, whether that's preventing pollution, following environmental laws and regulations, or making sure our people act with integrity and professionalism. Through strong relationships and shared responsibility, we're building a better water future together.



### Leave the environment in a sustainable and measurably improved state.

We'll work with our customers and communities to restore the environment to a sustainable state where it can regenerate itself, so it can continue to provide its assets and services to support current and future generations who will enjoy its natural wealth.

 Read more on [page 15](#)



### Work with our communities to create value for the local economy and society.

Create a collaborative relationship with all our communities, allowing us to act together with common purpose to deliver a society and environment that are mutually sustainable.

 Read more on [page 14](#)

## Our long-term ambitions

Our strategy sets out our short and long-term ambitions to tackle the challenges we face, to create value for our society and the environment.



### Be prepared for change, and resilient to shocks and stresses.

We'll invest with our stakeholders to create a more resilient community able to cope with, and respond to, an increasingly uncertain future.

 Read more on [page 15](#)



### Deliver what our customers need, ensuring affordability for all.

We'll develop a constructive, collaborative relationship with our customers that enables us to work together to deliver for the future.

 Read more on [page 14](#)

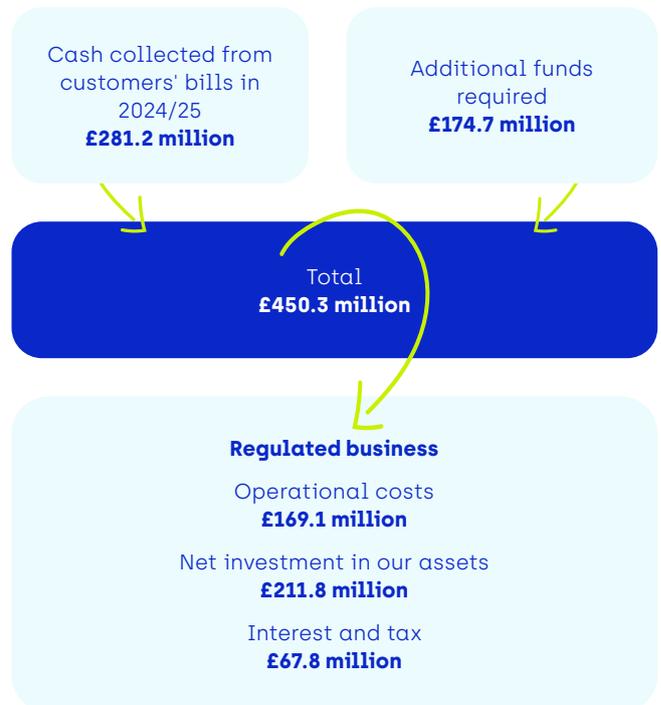
# Funding our regulated business

Our average household bill for clean water 2024/25 was approximately £201, the equivalent of just 55p per day, which we think represents great value for money.

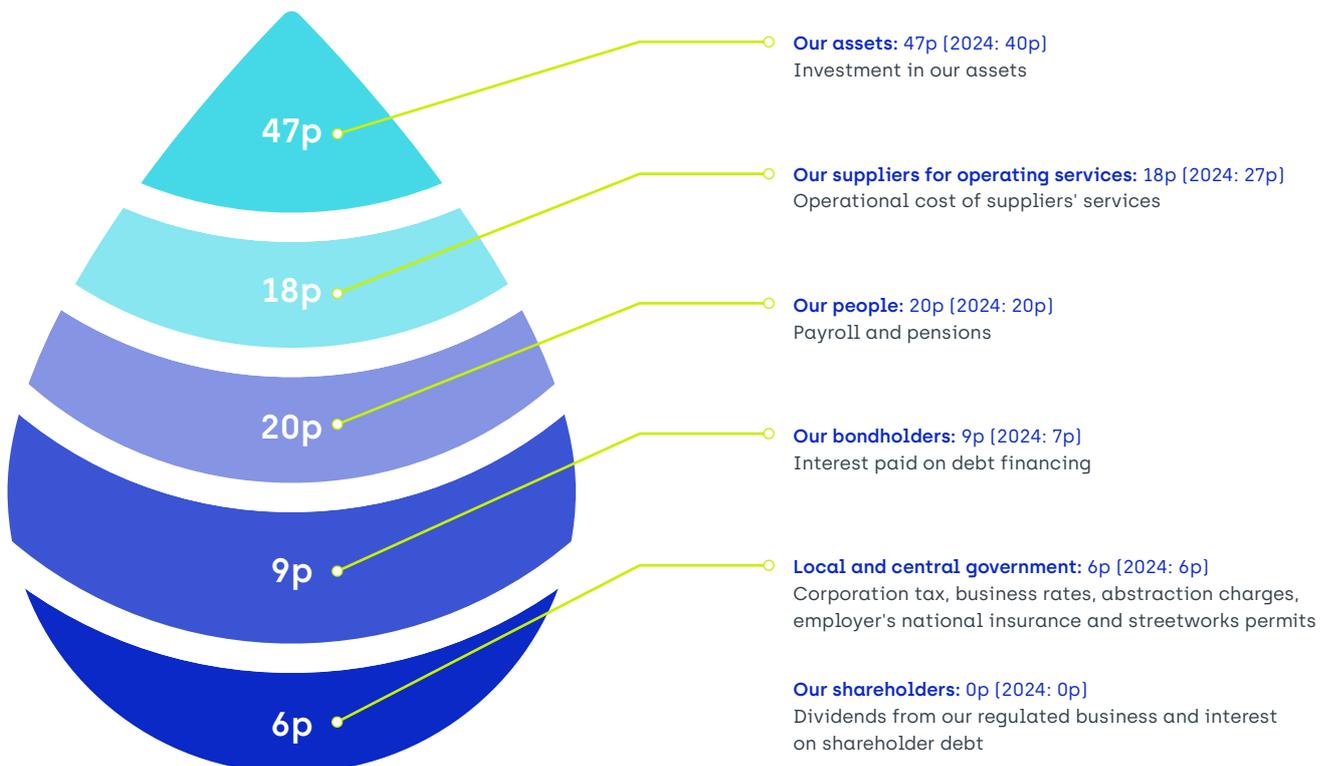
In 2024/25, we spent 85p of every £1 on our suppliers for operating services, our assets and our people, ensuring customers receive the highest quality water and service. Nine pence of every £1 was spent on debt financing and the remaining 6p of every £1 was spent on taxes and charges relevant to local and central governments.

Not all of the funds required by our business come from customers' water bills. For every £1 in 2024/25, we required an additional 38p in order to operate.

Some of our billing also includes sewerage costs charged by other water companies which are clearly separated on the bill, this way, customers receive a single, consolidated bill for their convenience. Some of the additional funds are received through commission earned on billing and collecting sewerage charges for these companies. We also receive funds from non-household retailers who pay us for the wholesale water we supply to their customers, or developers who contribute towards the cost of adding new connections to our network. The remainder is borrowed from external debt capital markets. By carefully managing our long-term finance, we can keep customers' bills low and fairer for all by avoiding significant fluctuations.



## How we spend each pound of our total expenditure



Figures are based on our regulatory financial statements for the year ended 31 March 2025 and have been rounded

# 2024/25 Highlights

## Financial performance

£363.6m

Revenue  
[FY24: £347.7m]

£33.2m

Operating profit  
[FY24: £21.8m]

£1.92bn

Our Regulatory Capital Value [RCV]  
[FY24: £1.85bn]

77.5%

Gearing Ratio  
[FY24: 74.6%]

£16.8m

Net loss (after tax)  
[FY24: £34.9m]

[£32.6m]

Cash Flow  
[FY24: (£36.0m)]

## Operational performance

943Ml/d

Daily amount of  
drinking water supplied  
[Ml/d - Mega Litres per day]  
[FY24: 937Ml/d]

3.99m

Customers served  
[FY24: 3.90m]

1.52m

Household properties connected  
[FY24: 1.51m]

17,042km

Length of mains network  
[FY24: 16,989km]

90

Number of water treatment works  
[FY24: 90]

1,462

Number of employees  
[FY24: 1,430]

## Environment, Social and Governance [ESG] Performance

51,096

Scope 1 & 2 Carbon  
emissions tCO<sub>2</sub>e  
[FY24: 50,049 tCO<sub>2</sub>e]

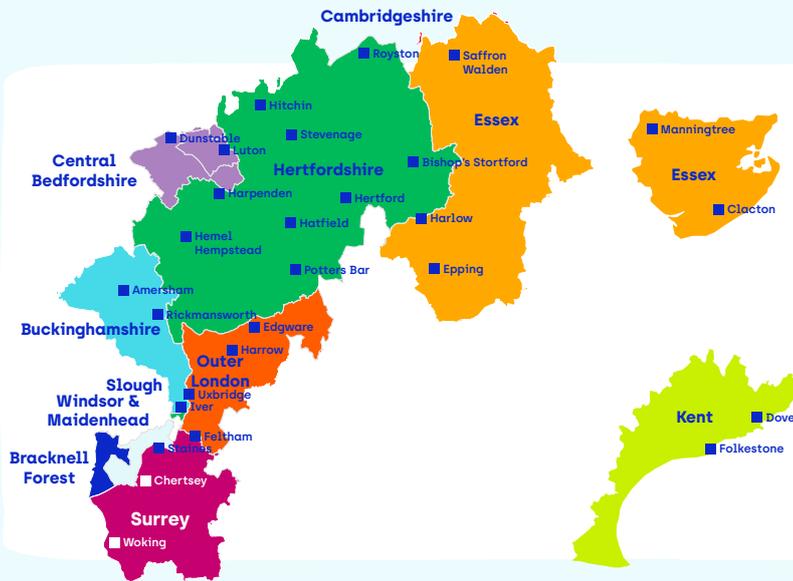
1,954 mWh

Renewable energy usage  
[FY24: 1,559 mWh]

# The communities we serve

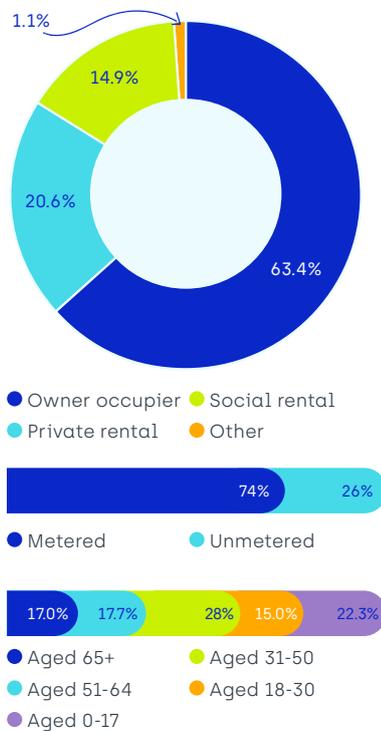
## Our supply area is unique

It contains 10% of all the world's rare chalk streams, which are under threat from climate change, water demand, pollution and centuries of adverse river modifications.

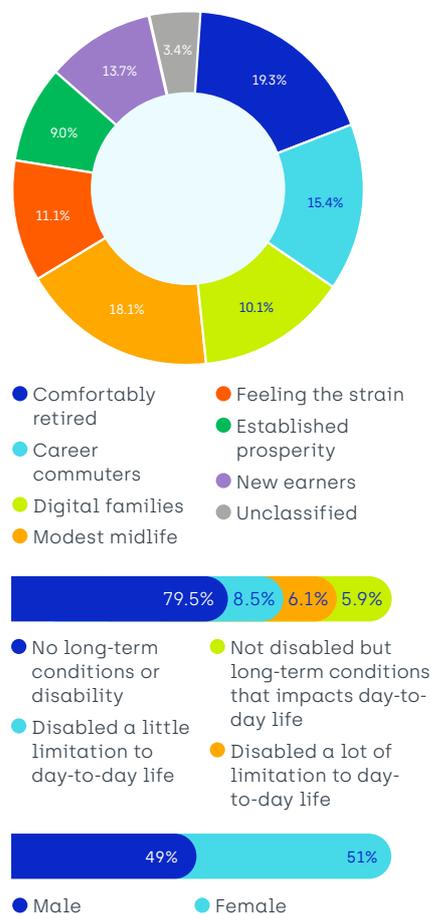


**We're the largest water-only supply company in the UK**

### Household Ownership Status



### Demographic Segmentation



We have a diverse customer base with equally diverse needs. We supply both dense urban communities and rural areas.

Some of the most densely populated and economically active regions in the UK, while also being in a water stressed area.

Population growth, increased demand for water, climate change and the need to leave more water in the environment means we work increasingly closely with our customers to help them use water more efficiently. Our customers currently use 154 litres per person per day compared to the average of 137 litres and we're working hard through our Smart metering programme, behaviour change campaigns and tariff trials to reduce this.

# How we operate

Our biggest challenge is to deliver water to a growing population of customers, while achieving the ambitious targets on reducing abstraction as part of our environmental objective.

We've been supplying water to our local communities for **more than 170 years**.

## Our water cycle

### Bringing our water together from source to tap



1.

#### Sustainably taking water from our rivers and aquifers [achieving sustainable abstraction reductions]

Most of our water comes from local sources in the chalk aquifer. However, we need to leave more water in the aquifer to help our globally rare chalk streams, which are under threat from the demand for water and the effects of climate change.

We're looking at new ways of bringing water in from neighbouring areas so we can reduce the amount we take from chalk groundwater.

Read more about the Grand Union Canal strategic resource on page 16.



2.

#### Producing, storing and moving our water through our network to our local areas

As we take water from various groundwater and surface sources, the quality of it can be variable, so we tailor our treatment process to ensure we continue to provide the highest-quality water possible. After we treat water, we pump it into large storage reservoirs or water towers before it makes the final journey across a network of pipes to our customers' taps.



3.

#### Delivering an uninterrupted supply of high-quality water to our customers

We encourage our customers to use water efficiently. After customers use water, it is flushed into the sewerage network, where it is treated before it goes back into the environment. Affinity Water is a water-only supply company, and we do not manage wastewater. Sewage providers in our supply area include Thames Water, Anglian Water and Southern Water.



### Delivering a seamless customer experience from source to tap

# Measuring how we are doing – performance highlights

## Fifth year of our 2020–2025 business plan

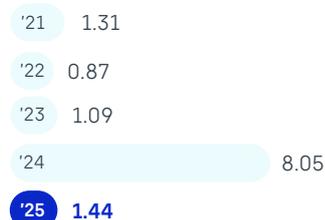
Every five years, water companies produce business plans that set out the performance commitments they will make over a five-year period. These plans are shaped by customers and other stakeholders, based on what they want their water company to achieve and are approved by our regulators.

### Operational performance

#### Supplying high-quality water you can trust

##### Water quality

Compliance Risk Index ('CRI') score



##### Performance

 Actual: 1.44  
Deadband  
Target: 2.0

##### Customer outcome

 Linked to remuneration

The Compliance Risk Index ('CRI') is a measure to inform the risk arising from treated water compliance failures.

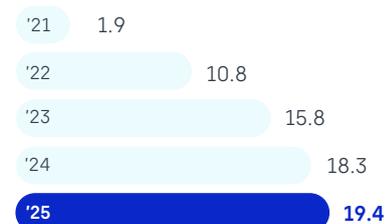
In 2025, we saw a significant improvement in our CRI score from 2024, improving from 8.05 to 1.44, and back to the levels seen in the first three years of AMP7.

The underlying quality of our drinking water supplies remains high and our expectation for future CRI performance is that our scores will remain below the deadband during AMP8.

#### Making sure you have enough water, whilst leaving more water in the environment

##### Leakage reduction

Percentage reduction



##### Performance

 Actual: 19.4%  
Target: 20% or more

##### Customer outcome

 Linked to remuneration

This measure is reported as a percentage reduction in a three-year average of leakage against a baseline level of 2019/20. In AMP7, we committed to reducing leakage by 20%, as set out in our Water Resources Management Plan (WRMP).

Whilst we've fallen slightly short of our targeted 20% reduction in the three-year rolling average, we've managed to increase our percentage reduction from 18.3% at the end of 2023/24 to 19.4% at the end of 2024/25. This is a result of driving down the in-year leakage by 5.4Ml/d from our 2023/24 position. This will see us achieve the in-year WRMP commitment.

#### Link to remuneration



Supplying high-quality water you can trust



Making sure you have enough water, whilst leaving more water in the environment



Providing a great service that you value



Minimising disruption to you and your community

#### Trend



Improving performance



Declining performance



Target met



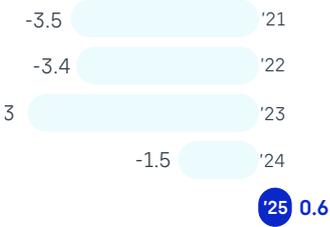
Target not met

# Measuring how we are doing – performance highlights continued

## Making sure you have enough water, whilst leaving more water in the environment continued

### PCC (Per Capita Consumption)

Average water use percentage change from 2019/20 baseline



**Performance**  
 Actual: 0.6% reduction  
 Target: 12.5% reduction

**Customer outcome**  
 Linked to remuneration

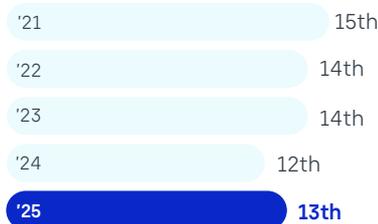
The performance commitment aims to incentivise us to help customers reduce their water consumption.

The water reduction in our three-year rolling average period has continued to come down from -1.5% in 2023/24 to -0.6% in 2024/25. We're determined to drive per capita consumption down with the continuation of demand activities and the introduction of new initiatives. Our home visits with customers continue to help install water efficient devices and repair internal leaks to reduce plumbing losses. Alongside discussions on water behaviour, we provide customers with the tools to carry these water savings into the future.

## Providing a great service that you value

### C-MeX

[Score]



**Performance**  
 Actual: 70.10 [13 of 17]  
 Target: league table position

**Customer outcome**  
 Linked to remuneration

This customer-focused performance commitment measures direct customer feedback on satisfaction with our services. We dropped one position to 13th place in our C-MeX score. We recognise that customers are expressing dissatisfaction with a broad range of issues within the water industry, which includes price increases and leakage. Customers expect faster resolution times for all services. We're committed to enhancing customer satisfaction through a series of strategic initiatives which will significantly improve our performance going forward.

We're focusing on improving customer resolution, reducing wait times and getting it right first time for our customers.

#### Link to remuneration



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#### Trend



Improving performance



Declining performance



Target met



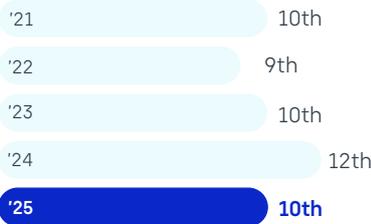
Target not met

# Measuring how we are doing – performance highlights continued

## Providing a great service that you value continued

### D-MeX

[Score]



#### Performance

Actual: 89.50  
[10 of 17]  
Target: league table position



#### Customer outcome

Linked to remuneration



D-MeX is the measure of levels of service in the developer services area of activity. The index score is made up of both a qualitative and a quantitative element.

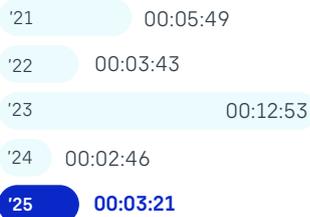
Our D-MeX performance has gradually improved throughout this year.

We know that proactive communication, delivering against timescales and quality of works are key service elements for our customers. We've shown improvements throughout this year and look forward to continued improvements into the next.

## Minimising disruption to you and your community

### Water supply interruptions >3 hours

[Average minutes per property, water supply interruption]



#### Performance

Actual: 3 minutes  
21 seconds  
Target: 5 minutes  
0 seconds



#### Customer outcome

Linked to remuneration

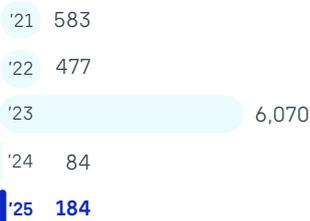


Performance during the 2024/25 reporting year has remained very good, keeping us below our target of five minutes for the year. We prioritise restoration of supply over repair and ensuring that disruptions to our customers are kept to a minimum.

We continue to respond to events rapidly, remain committed to maintaining good asset health, while also optimising our network and assets. We look to mitigate and reduce the length of interruptions experienced and provide a high level of service for our customers.

### Unplanned interruptions to supply over 12 hours

[Number of properties]



#### Performance

Actual: 184  
Target: 320 or less



#### Customer outcome



Linked to remuneration

The unplanned interruptions over 12 hours measure is our second supply interruption performance commitment. The improvements seen in our average minutes metric have also been reflected in unplanned interruptions over 12 hours.

#### Link to remuneration



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#### Trend



Improving performance



Declining performance



Target met



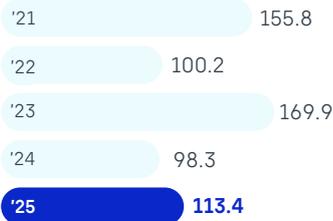
Target not met

# Measuring how we are doing – performance highlights continued

## Minimising disruption to you and your community continued

### Mains repairs (due to bursts)

(Number per 1,000km mains)



#### Performance

 Actual: 113.4  
Target: 142.3

#### Customer outcome

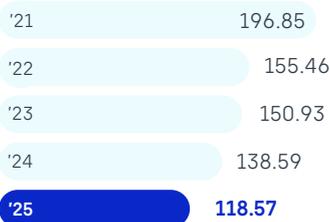


Linked to remuneration

We've outperformed our target this year on the number of repairs per 1000km of mains, achieving 113.4 repairs against a score of no more than 142.3. We continue to invest in the proactive replacement of mains pipes and adopt new ways of working to improve our performance.

### Properties at risk of low pressure

(Number per 10,000 properties)



#### Performance

 Actual: 118.569  
Target: 1.118

#### Customer outcome



Linked to remuneration

The low pressure performance commitment measures the number of properties at risk of receiving water pressure below the prescribed standard per 10,000 properties.

We continue to consider that the measurement of the performance commitment is not reliable or comparable with peers across the industry.

We've not achieved the target for this performance commitment since it was introduced. Our average minutes metric provides more indication of the impact felt by our customers.

#### Link to remuneration



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Minimising disruption to you and your community

#### Trend



Improving performance



Target met



Declining performance



Target not met

# Measuring how we are doing – performance highlights continued

## Financial performance

### Financial Gearing

[Ratio of net debt to RCV %]



#### Performance



Actual: 77.5%  
Internal threshold: 80%

#### Customer outcome



Linked to remuneration

Our net debt as at 31 March 2025 was £1,487.3 million, an increase of £105.0 million since last year (2024: £1,382.3 million). This increase primarily driven by capital expenditure on our network. In addition, our index linked bonds and swaps increased by prevailing RPI and CPI. This non-cash accretion is designed to match growth in nominal regulatory capital value (RCV) and is included within net debt. Our gearing as at 31 March 2025 is higher than some of our peers, however in February 2025 we announced that shareholders has entered into a legally binding and unconditional agreement to inject £150m equity into the company in financial year 2026. We also announced our intention to maintain gearing around 70% which is consistent with our target credit ratings of A3/BBB+/BBB+ for our Class A Bonds with Moody's, Standard & Poor's, and Fitch.

<sup>1</sup> This Alternative Performance Measure is calculated as borrowings and accrued interest less loans from intermediate parent company and all company cash and short-term deposits. It is reconciled to our regulatory net debt in table 1E of our regulatory Annual Performance Report.

### Cash flow

[Net cash flow before tax and financing]



#### Performance



Actual: (£32.6m)  
Prior year: (£36.0m)

#### Customer outcome



Linked to remuneration

The net cash flow before tax and financing for the year was a £32.6 million outflow, £3.4 million lower than last year (2024: £36.0 million outflow). This movement is mainly due to improved operational performance that supports our continued investment in fixed assets as part of the 2020-2025 plan.

Our KPI tied to remuneration was based on cash generated from operations, which was met, as noted in the Remuneration Report.

### Link to remuneration



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### Trend



Improving performance



Declining performance



Target met



Target not met

# Annual performance overview

As we reach the end of the current five-year period and the start of the next, this is a good time to reflect on the progress which we have made over recent years in transforming the performance of Affinity Water.

## Affinity Water: progress, people, and a greener future

As Affinity Water approaches the end of its current five-year cycle, we're taking stock of how much has changed, as well as what lies ahead. The past few years have seen major improvements across the business, transforming Affinity Water from one of the sector's weaker performers into one of its strongest. Now, with an ambitious £2.3 billion programme ahead, the company is preparing to deliver more for customers, communities, and the environment than ever before.

## Supporting customers through price changes

Of course, delivering this level of investment comes at a cost, and Affinity Water is upfront about the impact on bills. From April 2025, customers will see an increase in their charges: around 19 per cent for metered households and 29 per cent for unmeasured customers. Affinity Water knows that any price rise is difficult, especially during times of financial pressure. That's why it is expanding its support for vulnerable customers through a range of social tariffs and actively encouraging anyone struggling to get in touch for help.

## Diversity, Inclusion and Operational Excellence

Affinity Water's progress also includes advances in equality and inclusion. The company has taken action to narrow its gender pay gap, ensure more of its managers reflect the diversity of its workforce, and improve retention of female employees. There's more to do, but these positive steps show that the company is committed to being a fair, inclusive employer.

Operationally, Affinity Water has made big improvements in how it maintains its water network. Through its innovative 'maintenance excellence programme', the company is moving away from reactive fixes and towards a smarter, data-led approach. This proactive model helps prevent issues before they occur, frees up resources for planned upgrades, and empowers frontline teams to take ownership of improvements. It's an approach built on trust, training and technology, and one it's already delivering better service for customers.

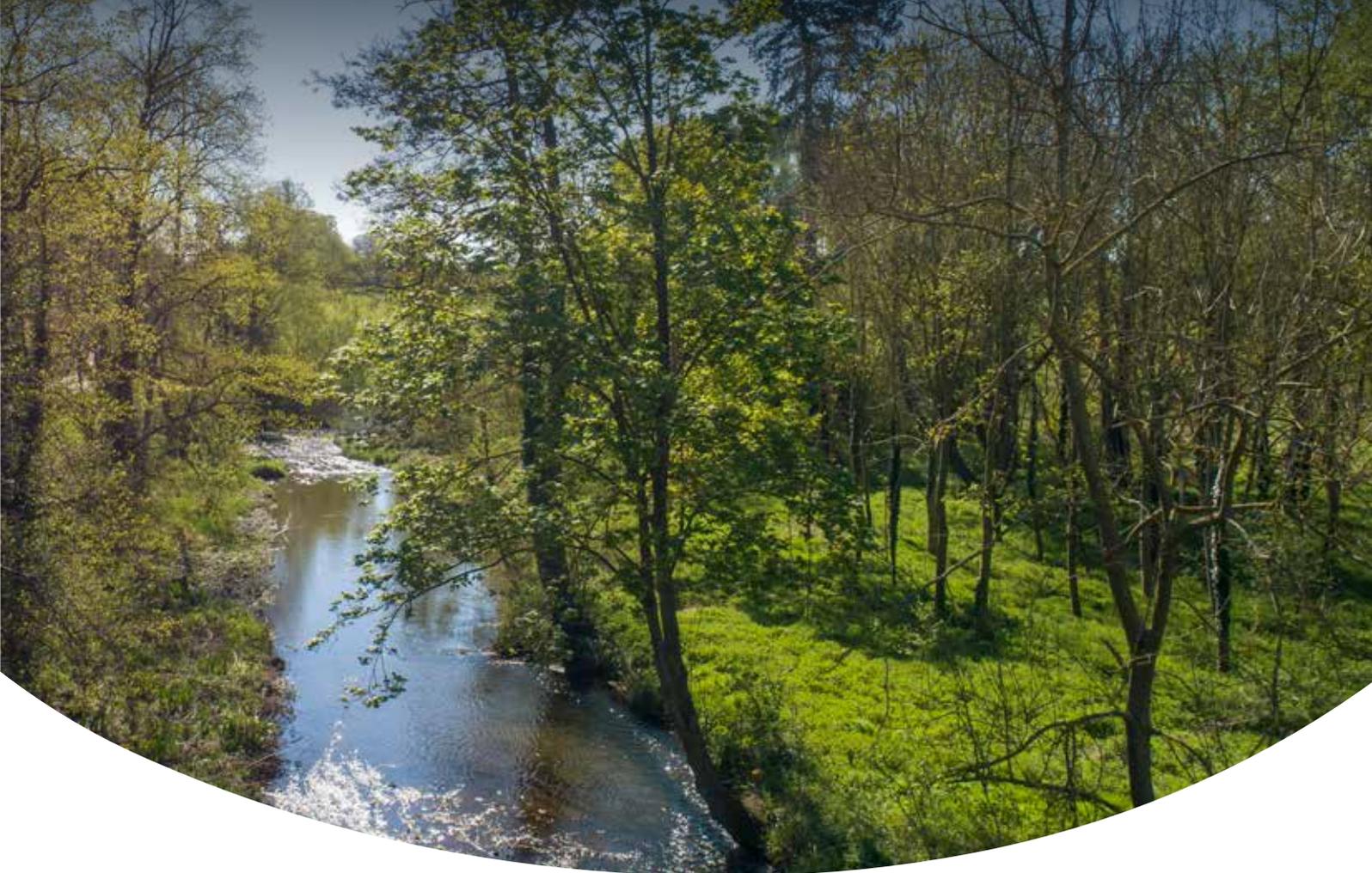
## Looking ahead: The next five years and beyond

In December 2024, the water regulator Ofwat approved Affinity Water's business plan for 2025–2030. The plan received the highest quality rating and closely mirrors what the company initially proposed. Importantly, it includes measures to deal with new responsibilities like the removal of PFAS or Forever chemicals from raw water, which is an issue with growing public concern. Ofwat has allowed Affinity Water some flexibility to develop cost-efficient solutions before full implementation, showing confidence in the company's ability to deliver.

Affinity Water's board reviewed the plan carefully, looking at its financial strength and real-world deliverability. Following this analysis, the company accepted the Final Determination and secured new investment from shareholders to fund the work ahead. It also became the first water company in the UK to raise green bond finance in the sterling bond market following Ofwat's final decisions, an important sign of investor trust in the company's long-term strategy.

While the plan is ambitious, Affinity Water is taking early steps to ensure it can be delivered smoothly. All major supply chain contracts are now in place, putting the company in a strong position to start work quickly and efficiently.





## Inward investment

The turnaround in performance hasn't happened by accident. Affinity Water has placed a strong focus on its people, culture, and operational excellence. Central to this has been simplifying the company's purpose, vision, and values—making sure everyone in the organisation understands not only what they do, but why it matters.

This cultural shift has helped boost employee engagement. Affinity Water uses Peakon, an industry-recognised tool for measuring how colleagues feel about their work, and the company now ranks in the top 25 per cent of the energy and utilities sector. That's a strong sign of a motivated, connected workforce and one that's ready for the challenges ahead.

To help prepare everyone for the next five years, Affinity Water ran a series of roadshows in early 2025. These events weren't just about information-sharing, they were a chance to connect, collaborate, and get inspired for the future.

## Trialling smarter, fairer charging

Affinity Water is also exploring new ways of charging that rewards water efficiency. In Stevenage, 1,500 homes are taking part in a WaterSave Tariff trial, where the cost of water increases depending on how much is used, a bit like how you pay for electricity or mobile data. The early results are promising; households on the trial are using significantly less water, and there are fewer arrears and instances of bad debt. This suggests the new approach could make water more affordable and sustainable, especially for smaller households or those on lower incomes.

The trial will run through to September 2025, and Affinity Water is planning a larger trial next year. And Affinity Water is talking to the government about its findings, helping to shape future water charging policy that's fair, transparent, and better for the planet.

## A shared mission

The next five years represent the most ambitious programme in Affinity Water's history. Delivering on it will mean providing better service, reducing leakage, protecting the environment, and supporting customers through change. But if the past few years have shown anything, it's that Affinity Water has the people, the plan, and the determination to deliver.

Thanks to a clear purpose, a stronger culture, and smarter ways of working, Affinity Water is better placed than ever to meet the challenges ahead, and to secure a sustainable water future for the communities it serves.

# Our business model and strategy

Our purpose is to provide high-quality drinking water for our customers, and take care of the environment for our diverse communities, now and in the future.

## Forces acting upon us...

### Our capitals

These are the resources and relationships that we have available to us. They are the inputs to our business and are transformed through our decision-making process and operating activities into our strategic outcomes.

### Our external environment

#### Protecting the natural environment

- Climate change
- Population growth

#### Economic environment

- Financing our business
- Customer expectations

#### Regulatory and political environment

- Legal, regulatory and government requirements
- UN Sustainable Development Goals

### Stakeholders

Effective engagement with our stakeholders is integral to how we operate. Stakeholders help shape our strategic plans for the service we provide, the commitments we make and how we make sure we provide a long-term sustainable supply of high-quality water.

### UNSDGs

Our alignment with the UN Sustainable Development Goals.



## Shape our purpose and ambitions...

### Our journey of taking care of water, now and in the future

We're focused on providing simple, effortless experiences to our customers, wherever they interact with us. To continue doing this, we need to protect local environments, ensure our network and resources are resilient, inspire our customers to use less water and provide them with an exceptional service, and work with our communities to create value for the economy and society.

Our Strategic Direction ambitions help guide us, and shape our long-term plan for water resources and our five-year Business Plans, which determine the investment we need to make and the amount we can charge customers.

## Long-term strategy

**Our Strategic Direction Statement ambitions (2050). The systems that Affinity Water will work within:**



### The people that Affinity Water will work with:

#### Environment objectives:

- End unsustainable abstraction from chalk groundwater sources
- Achieve net zero carbon by 2045 (and 2030 for our operational emissions)
- Deliver a net gain in natural capital

#### Resilience objectives:

- Ensure a resilient supply of water for our customers
- Ensure our physical assets are resilient for the long term
- Ensure our people, processes, suppliers and finances remain resilient

#### Communities objectives:

- Building trust and transparency
- Enhancing environmental and social health to provide value to our communities
- Reducing our impact in the water environment

#### Customers objectives:

- Exceed customers' expectations for drinking water
- Personalise our services to support different needs and wants
- Take care of our vulnerable customers and ensure affordability for all

## Enabling better outcomes for our customers...

### A sustainable water supply for this century and beyond

We plan and invest for the long term, using innovative technology, bringing online new sustainable sources of water, learning and sharing best practice across sectors and working with our customers. We're building a water-supply network that is resilient to the effects of climate change, minimises disruption to communities, and provides a sustainable, high quality supply of water - now and for the future.

Our 50-year action plan for water resources (WRMP) and Strategic Direction ambitions helps shape our five-year business plans. Our business plans detail our performance commitments for the five-year period, the amount of investment required to meet those commitments and the price we can charge customers.

Our business plan for 2025–2030 was submitted to Ofwat in September 2023 and in December 2024 we received a favourable Final Determination, securing a £2.3 billion investment programme.

### Our customer outcomes:

We provide water to over 3.9 million customers and 78,000 businesses in our supply area and have committed to:



Supplying high-quality water you can trust



Making sure you have enough water, whilst leaving more water in the environment



Providing a great service that you value



Minimising disruption to you and your community... and creating value for all

## ... and creating value for all.



### Customers

- Putting customers at the heart of everything we do.
- Being agile and responsive to changing needs.
- Being agile and responsive to changing needs.
- Focusing on simplicity and exceptional customer experience.
- Supporting customers in vulnerable circumstances through social tariffs and the Priority Services Register.
- Providing fair and affordable bills to help invest in a long-term sustainable supply of water, while helping to take care of the environment.



### Communities

- Minimising disruption for our communities.
- Supporting the economy across the region through investing in infrastructure and generating employment.
- Creating value for local communities by taking care of our environment.
- Helping to improve biodiversity across Affinity Water-owned nature reserves and assets, and working in partnership with local communities.



### Employees

- Increasing pride in working for Affinity Water.
- Looking after the health, safety and wellbeing of our employees.
- Ensuring employees have the tools they need to do the job and through learning and development.



### Shareholders

- Increasing incentives and reducing fines, for our shareholders.
- Promote green finance for all investments



### Suppliers

- Working with suppliers to innovate to increase resilience for the benefit of customers and the environment.
- Creating exceptional relationships to be the company that suppliers want to work with.



### Regulators

- Working with our regulators to produce robust and ambitious plans to benefit customers and the environment.
- Working with our regulators to drive innovation in the sector.

# Our 2025-2030 business plan (AMP8)

In September 2023, we submitted our business plan for the five-year period 2025-2030. In July 2024, we received a Draft Determination which we responded to by making compelling, evidence-based Representations to our regulator Ofwat. To this effect, in December 2024 we received a favourable Final Determination that enables sufficient investment and a balanced risk and reward outlook. Over the next five years, we will deliver a £2.3 billion investment programme, designed to make sure we can continue to provide high-quality, sustainable and affordable water services for our customers now and in the future. Our business plan is ambitious with some stretching targets, but by focusing on our performance commitments, rising to the challenges and working together as one team, we will deliver for our customers, communities and stakeholders as a forward-thinking provider of essential water services.

## 2025



### Customers

#### Deliver what our customers need, ensuring affordability for all.

- Exceed customers' expectations for drinking water
  - Personalise our services to support different needs and wants
  - Take care of our vulnerable customers and keep bills affordable
- 
- Install 400,000 Smart meters (one third of all customers) to help customers control their usage. Our Smart metering pathfinder trial will install the first 20,000 meters into household properties in Harlow and Bishop's Stortford
  - Deliver a substantial programme of water quality treatment upgrades to further improve levels of treatment and resilience. In 2025-26, we'll carry out over 300km of mains flushing as part of our Distribution Operation Maintenance Strategy to remove aluminium deposits and improve the internal condition of our pipes. We'll also commence our PFAS programme of works including trialling Granular Activated Carbon (GAC) plant to remove PFAS at our sites
  - Expand the rising block tariff trial to support more customers with lower bills and reducing demand. We'll apply the learnings and findings from the WaterSave trial (2023-2025) to develop a fairer, more affordable way of charging
  - Provide a broad package of support for customers struggling to pay, including payment plans to spread costs out and match the frequency of bill payment with frequency of income. We'll help around 17,000 income-deprived customers through payment matching and will expand our LIFT social tariff to around 150,000 customers



### Communities

#### Work with our communities to create value for the local economy and society.

- Build trust and transparency
  - Enhance environmental and social health to provide value to our communities
  - Reduce our impact in the water environment for all
- 
- Develop our public value positioning and enhance our programme of collaborative working with community and local government and charitable organisations
  - Increase river enhancement opportunities to support biodiversity and flood management within the Colne Valley. We'll identify and develop a further 33 river restoration projects to take place across 19 chalk streams within our supply area
  - Provide funding for community projects and support local communities and charities by promoting staff volunteer days. Volunteering will give our colleagues a better understanding of the regional issues faced by our customers and how we can respond to customers' diverse needs and experiences
  - Improve our visitors' experience by enhancing our public access sites. This will include catering and water sports by third parties and partners, improving accessibility at our lakes & leisure sites and working with our partners to responsibly manage vegetation to improve the appearance and accessibility of sites. We'll also establish an internal Lakes & Leisure Steering Group to manage and monitor ongoing improvements to sites

## 2030



## Resilience

### Be prepared for change, and resilient to shocks and stresses.

- Ensure a resilient supply of water for our customers
  - Ensure our physical assets are resilient for the long-term
  - Ensure our people, processes, suppliers and finances remain resilient
- 
- Protect key assets from single point failures by allocating investment to address emergent risks. In 2025-26, we'll allocate £1.59 million to address infrastructure single point failure risks. Our Connect 2050 schemes will also enhance supply resilience and support our Water Resources Management Plan (WRMP) and Water Industry National Environment Programme (WINEP) sustainability reduction plans
  - Increase network calming to help reduce leakage and the cost of investing in replacement pipes. In 2025-26, we'll create over 20 new pressure management schemes and implement additional optimisations in existing pressure managed areas. We'll also deploy a number of permanent transient loggers in strategic points of our network
  - Collaborate with our partners, communities and stakeholders to develop the Grand Union Canal Transfer scheme, which will deliver a sustainable and reliable water supply for the future and reduce our reliance on other water sources, including unique chalk stream habitats
  - Reduce total water demand by 50 million litres a day in 2030 from a 2025 baseline. This equates to a 4.5% reduction in total demand. We'll do this by undertaking household and non-household water efficiency visits, fixing internal plumbing losses and driving behaviour change with Smart meter customers to reduce use



## Environment

### Leave the environment in a sustainable and measurably improved state.

- End unsustainable abstraction from chalk groundwater sources
  - Achieve Net Zero for operational emissions by 2030 and all carbon by 2045
  - Deliver a net gain in Natural Capital
- 
- Reduce operational carbon emissions by investing in energy efficiency. We'll continue with our transition to electric vehicles and deliver carbon literacy training to maximise the opportunities for carbon reduction across our organisation
  - Deliver a programme of catchment and nature-based solutions to improve the wider river environment. This includes river restoration schemes to protect and enhance the precious chalk streams in our region, making them more resilient to environmental pressures such as low flows and pollution. We'll also work with farmers to improve their soil health and manage pollution risks
  - Deliver an investment programme that reduces the water taken from chalk aquifers by 35 million litres per day in the next five years. We'll invest in several large-scale trunk main and booster pumping station schemes which will allow bulk transfer of water into areas where abstraction reductions will introduce a shortfall in supply. We'll also deliver a new 10 ML storage reservoir at Hadham
  - Deliver £95 million of leakage reduction investment which will take us to a 31% overall reduction as we continue on our path to reduce leakage by 50% by 2050 (against a baseline from 2020). We'll invest in new technologies such as Satellite Leak detection to find and fix leaks faster, as well as expanding our pressure management programme to help prevent new leaks occurring and reduce volumes lost from existing leaks

# The Grand Union Canal transfer case study

## A 21st-century solution to a growing water challenge

Water is something many of us take for granted, but behind every turn of the tap is a carefully managed supply system that's facing increasing pressure. The South East of England is one of the most water-stressed regions in the country, and the challenges are mounting.

As the population grows and demand for water rises, climate change is making rainfall less predictable and more extreme. At the same time, we must protect sensitive ecosystems, which include our rare and beautiful chalk streams that are unique to our region and are especially vulnerable when water levels drop.

That's why we're planning ahead and investing in our supply. One of the most exciting and innovative projects in development is the Grand Union Canal Transfer. This is a bold new way to move water from the Midlands to the South East, using one of the country's oldest and most iconic transport routes.

The idea is simple but powerful: to use a section of the historic Grand Union Canal to help transfer treated, recycled water between regions. This will bring water where it's needed most, helping to ease future shortages and reduce pressure on precious local water sources. It's a modern use for a centuries-old waterway, breathing new life into a national asset.

Once complete, the scheme will deliver up to 115 million litres of water a day to customers in our supply area, this is enough to supply hundreds of thousands of homes.

We're not doing this alone. This is a collaborative project between Affinity Water, Severn Trent, and the Canal & River Trust that is combining our knowledge, innovation and resources to create a smarter, more sustainable water system for the future.

Planning such a large and complex infrastructure project takes time and care. We're currently progressing through the early stages, carrying out extensive environmental and site surveys to understand how best to deliver the scheme while protecting nature, people, and heritage along the way.

We're engaged with community throughout and their input is also a vital part of the process. In September and October 2024, we ran a major public consultation along the proposed route. More than 780 people attended our events and we received 475 formal responses — helping us understand local views, listen to concerns, and identify opportunities to add value to communities as the project develops.

We're grateful to everyone who has shared their feedback so far. These community insights are helping to shape a project that doesn't just solve regional water resilience, it does so in a way that works for people, places, and the planet.

The Grand Union Canal Transfer is classed as a nationally significant infrastructure project and is expected to be fully operational by the end of 2032.

It's an investment in our water future, using the past to help secure tomorrow.

Find out more and stay updated at: [guctransfer.co.uk](http://guctransfer.co.uk)



# Financing a greener future

## case study

We know that how we finance our work matters just as much as what we do. That's why we've set ourselves an ambitious goal: to move to 100% green financing. In simple terms, that means raising money in ways that are aligned with protecting the planet — ensuring every project we fund helps to create a cleaner, greener, and more sustainable future.

Green finance gives us the opportunity to put our environmental values into action. It allows us to channel investment into projects that benefit people, communities, and nature — while making sure we're transparent and accountable about where the money goes and what it achieves.

Our Green Finance Framework sets out the standards we follow and the types of projects we support. These include:

- Sustainable water and wastewater management – making our systems more resilient and water-efficient
- Renewable energy – powering our operations with cleaner sources like solar and wind
- Clean transportation – investing in electric vehicles and reducing emissions from our fleet
- Conservation of biodiversity – protecting rivers, wetlands, and the species that depend on them
- Energy efficiency – cutting waste and reducing our carbon footprint

These aren't just aspirations — they're actions we're already taking. In 2021, we published our first Green Finance Framework, aligned with global best practices such as the ICMA Green Bond Principles and the LMA Green Loan Principles. That same year, we issued our first green bond — a £130 million private placement, which raised £147 million in total. The proceeds have gone directly into projects that reduce our environmental impact and help us meet our ESG (Environmental, Social, and Governance) goals.

We're proud to be at the forefront of sustainable finance in the water sector. In fact, 64% of all bonds issued by Western European water companies over the past five years have been green, showing a growing shift towards responsible investment. Affinity Water is part of that movement — and helping to lead it.

In March 2024, we made another major step forward by issuing a £350 million green bond. This was the first time a UK water company raised finance after Ofwat's final determination of our Business Plan for 2025–2030 — a real vote of confidence in our financial resilience and strategic direction. Today, our credit ratings are among the strongest in the sector, which allows us to continue attracting investors who care about both returns and impact.

Every green bond we issue under our framework is a commitment to act — to fight climate change, protect water resources, and support the UK's transition to net zero. It's how we're making sustainability central to how we do business — not just for today, but for generations to come.

Green investment [£]	Universal metering [nr]	Leakage reduction [Ml/d]	Benefits
46,964	150,143		We're installing more meters in properties empowering customers to reduce their water use
32,242		34.3Ml/d	We're leaving more water in the environment to support our waterways



# Empowering people with sight loss

## case study

We believe in supporting the communities we serve, not just through the water we supply, but by helping people live healthier, more connected, and more independent lives. One way we do this is through our partnership with the Hertfordshire Community Foundation, who manage a charitable fund on our behalf. This fund supports local organisations making a real difference, especially for those who may face daily challenges that many of us rarely consider.

One such organisation is Herts Vision Loss (HVL), a wonderful charity dedicated to improving the lives of people across Hertfordshire who are blind or visually impaired. Their mission is simple but powerful: to support and empower individuals with sight loss so they can live full, confident, and independent lives.

Living with visual impairment brings a range of challenges, from navigating public spaces and using technology, to staying socially connected or accessing vital information. That's where HVL steps in. They provide a wide range of life-enhancing services, including:

- Information and advice for individuals and their families
- Counselling and advocacy support
- Assistive technology training
- Home visits and befriending services
- Support groups and social events
- Guidance at hospital eye clinics and low vision centres

Through the charitable fund we financially support, HVL is now expanding its work through the Visionary Tech Hub — an initiative designed to bring the latest assistive technology directly into the hands of those who need it most.

Technology can be life-changing for someone with sight loss. From iPads with accessibility features to OrCam glasses that can read text aloud, these tools help people gain confidence and autonomy. Our funding is helping HVL deliver weekly interactive workshops, where participants can explore devices like high-tech readers, voice-controlled apps, bumpons (tactile markers for household items), and much more.

These sessions don't just teach skills — they build independence. Participants learn how to use these tools to read, write, stay in touch with loved ones, navigate their surroundings, and access online services. It opens the door to greater opportunities in education, employment, and social inclusion.

Perhaps most importantly, these workshops provide a space where individuals can connect with others who share similar experiences. That sense of community and mutual support is just as valuable as the technology itself.

Our partnership with HVL is helping to build a more inclusive, understanding society — one where people with visual impairments aren't just supported, but celebrated for their resilience, skills, and contribution.

This collaboration also helps us at Affinity Water better understand our own customers' diverse needs. Through projects like this, we're learning how to tailor our services and provide meaningful, personal support — because everyone deserves to feel seen, valued, and included.

We offer a Priority Services Register (PSR) that is a service for customers who require a little extra help who might be visually impaired, have hearing difficulties, medical conditions or simply would like a password scheme. This is free to join.

Together, we're creating a future where no one is left behind.



# Save Our Streams

## case study

Across the region, water is under pressure like never before. This supply area has one of the highest per capita consumption (PCC) rates in the UK, meaning that, on average, communities we supply use more water each day than almost anywhere else in the country. When combined with climate change and a rapidly growing population, the challenge to protect local water resources is urgent and a responsibility for all.

That's why, in 2024, we launched a new approach to Save Our Streams, where we aimed to bring the importance of water and easy ways to make water saving second nature for customers. Our goal was to help people use less water, save money on bills, and protect the region's precious chalk streams for future generations.

Social change and understanding come from customers being provided with capability, opportunity, and motivation. And our research showed there were three main barriers preventing people from saving water. First, many customers simply didn't realise how much water they were using. Second, they didn't know where to start or lacked the tools to make changes. And third, some felt that saving water would be inconvenient or interfere with their routines.

With these insights, the Save Our Streams team set out to shift perceptions and show that saving water can be easy, effective, and even rewarding. Through a mix of tailored emails, digital advertising, social media content, PR, and engaging influencer partnerships, the campaign reached people where they already were; on their phones, in their inboxes, and in their gardens.

High-profile ambassadors and trusted voices helped spread the word, while a user-friendly website gave customers practical advice, personalised water-use reports, and free water-saving devices. These included tap aerators, water-efficient showerheads, and hosepipe timers, all designed to reduce water use without changing comfort or convenience and all for FREE.

We're so proud of our customers, as 84% of them are now aware of the Save Our Streams initiative, and over 360,000 households have signed up so far. Together, they are saving more than 20 million litres of water every single day, that's the equivalent of eight Olympic swimming pools.

The campaign also grew beyond taps and toilets. A major partnership with the Royal Horticultural Society (RHS) helped inspire gardeners to think differently about water.

At the 2024 RHS Chelsea Flower Show, we partnered with Sam Proctor of Chiltern Garden Design to create and share with attendees an inspiring and innovative garden. The Water Saving Garden, a beautiful, practical space showed how thoughtful planting, and clever design can reduce water use in the garden without compromising on style, elegance and enjoyment of wilder spaces.

Save Our Streams is so powerful that it's now a movement to help customers build simple, sustainable habits, and it's proving that everyone can play a part in protecting water for the future, without giving up the comforts of today.



# Restoring the River Colne

## case study

Chalk streams are among the most unique and ecologically valuable freshwater environments on the planet, with several flowing right through Affinity Water's region. Fed by underground chalk aquifers, these clear, cool rivers provide a vital habitat for a rich variety of wildlife. But over time, human interventions, including dredging, straightening, and modifying banks, have significantly altered their natural processes. Combined with the increasing impacts of climate change, including more frequent droughts and floods, many of these rare rivers are now under threat.

The River Colne is a clear example. It's currently failing to meet Good Ecological Status as defined under the Water Framework Directive. In response, a river restoration project was launched to address the physical changes (known as morphological issues) that have made the river less resilient and less supportive of biodiversity.

The primary goal of the project was to restore the river's natural chalk stream characteristics, enhancing its ability to manage high flows and support local wildlife. By working with nature rather than against it, the project aimed to improve flood resilience and re-establish diverse habitats. A key challenge was the historical dredging of the river, which disconnected it from its floodplain and removed much of the natural structure of the riverbed. To reverse this, the project team assessed the importance of reconnecting the floodplain, allowing water to overflow during heavy rainfall with the goal of helping reduce flood risk in nearby built-up areas.

The restoration also involved the installation of berms, shallow ledges built along the river's edge that slow the flow of water and create variety in depth and speed. This makes the river more dynamic and suitable for species such as brown trout, kingfishers, and aquatic plants. Thinking about nature, the team assessed tree hinging as another technique, where trees are carefully felled and laid into the river to create natural obstacles and shelter for fish. In addition to tree hinging implementation, backwaters, (quiet off-channel areas), were created to offer refuge for fish during fast flows and support biodiversity by providing still water habitats.

Planning for the project began in October 2023, with detailed designs completed by summer 2024. Following approval of a Flood Risk Activity Permit (FRAP) from the Environment Agency in September 2024. This busy first year of planning meant that boots were on the ground to begin work in late October and the project was completed in November 2024. Initial reviews by Melissa Ahmet (Project Manager) have seen early signs of success of the restoration, with her commenting that "It's great to see improved chalk stream processes already taking place in the river. Where the berms and tree hinging have been introduced, there's already a faster, cleaner flow, and clean gravels are beginning to appear. Fish have been spotted in the new backwater areas, which is a very encouraging sign."

This project is just one example of how targeted, nature-based solutions can breathe new life into precious ecosystems. By restoring the River Colne, we're helping to ensure that this rare chalk stream can continue to support both wildlife and local communities for generations to come.



# The WaterSave tariff trial case study

Paying for water isn't something most people think about often, but what if changing the way customers are charged could actually help save money, support fairer bills, and protect the environment?

That's the idea behind the WaterSave tariff trial, a first-of-its-kind pilot launched in October 2023, making us the first in England to trial a new approach to water charging. Instead of a flat rate for every litre used, the WaterSave tariff uses a rising block structure. This means the more water a household uses, the more they pay per unit. In short, people who use less water pay less per litre, and heavier users pay more.

The aim is to explore whether this approach can make water bills fairer, more affordable, and if it encourages people to think more carefully about how much water they use. To test the impact, the trial group involved around 1,500 metered households in Stevenage, Hertfordshire. Their usage and billing were compared to a control group of customers on standard tariffs. Trial participants also received extra support and communications, including personalised usage updates and tips. In essence, the trial looked at both the effect of pricing and the value of clear, helpful communication.

Before the trial began, early modelling suggested that around two-thirds of customers would be better off under the new tariff if their usage stayed the same. But real-world data from the first year of the trial was even more encouraging, it showed that three out of four customers could expect to pay less for their water

Better still, early signs show the tariff is changing customer behaviour. The trial group used noticeably less water than expected. According to meter readings and a demand modelling tool, average use in the trial group is around 9,576 litres lower per property per year, that's a saving of about 12 litres per person per day. Meanwhile, the control group (on the standard tariff) is using slightly more water than predicted.

Affordability is also improving. Billing data shows that customers in the trial group are paying off arrears faster than those in the control group, suggesting that the new tariff—combined with more frequent and clearer information—is helping people manage their bills more effectively.

To better understand how customers are feeling about the new system, a detailed research project with Blue Marble Research was launched in October 2024. Feedback so far shows that most people find the new pricing approach acceptable. There are some valid concerns, particularly around fairness for larger families and vulnerable households. The trial continues until September 2025, with collaboration from Ofwat and the (CCW) Consumer Council for Water. As results come in, insights from the WaterSave tariff trial will help shape the future of water charging, not just for this region, but potentially for the whole industry.

For us, smarter billing isn't just about saving water, it's about supporting customers, protecting our environment, and creating a system that works for everyone.



# Performance summary

	Unit	Decimal places	Performance level – target	Performance level – actual	PCL met?	Outperformance or underperformance payment £m	Total 2020-25 outperformance or underperformance payment £m
<b>Financial</b>							
Water quality compliance (CRI)	No.	2	0	1.44	No	-	(5.14)
Water supply interruptions	hh:mm:ss	N/A	00:05:00	00:03:21	Yes	0.86	(0.84)
Leakage	%	1	20.0	19.4	No	(0.20)	0.40
Per capita consumption	%	1	12.5	(0.6)	No	(5.90)	(21.50)
Mains repairs	No.	1	142.3	113.4	Yes	-	(3.50)
Unplanned outage	%	2	2.34	1.45	Yes	-	-
<b>Bespoke PCs – Water and Retail (Financial)</b>							
Environmental innovation – delivery of community projects	No.	N/A	0	2	Yes	0.286	1.716
Reducing the total number of void properties by identifying false voids	%	2	2.1	2.01	Yes	0.11	0.590
River restoration	No.	N/A	36	42	Yes	0.104	0.278
Abstraction reduction	No.	2	27.33	27.33	Yes	-	-
Number of sources operating under the Abstraction Incentive Mechanism	No.	N/A	0	(193)	Yes	0.018	0.232
Properties at risk of receiving low pressure	No.	3	1.118	118.569	No	(1.008)	(4.691)
Number of occupied properties not billed (Gap sites)	No.	N/A	50	99	Yes	-	-
Unplanned interruptions to supply over 12 hours	No.	N/A	320	184	Yes	-	(1.235)
Customer contacts per 1,000 population for Water Quality [taste, odour and appearance]	No.	2	0.67	0.60	Yes	-	(0.490)
Financial water performance commitments achieved	%	-	-	-	-	73	-
Overall performance commitments achieved [excluding C-MeX and D-MeX]	%	-	-	-	-	64	-

More details on these metrics can be found in our non-financial line commentary published on our website at [affinitywater.co.uk/reports-publications](https://affinitywater.co.uk/reports-publications), including the methodology and basis of the calculation.

As part of our PR19 Final Determination for AMP7 we committed to 28 stretching performance commitments that would ensure we deliver our four customer outcomes. Each of these has financial rewards, penalties, or can impact us reputationally. The table above shows our financial performance commitments.

We have met 18 of our 28 performance commitments, of which 11 are financial and 7 are reputational (this excludes C-MeX and D-MeX).

The table shows we have received in-period rewards totalling £1.781m during 2024-25.

We have received in-period penalties totalling £7.021m for our performance on PCC, leakage and Properties at risk of receiving low pressure. (Adjusting for Covid relief, our in-period penalty for the year would be £5.952m). This resulted in a net in-period penalty of £5.241m (£4.172m Covid adjusted) which will be reflected in customer charges in 2026-27.



The Fair Tax Foundation is an independent, not for profit community benefit society. The certification scheme was launched in 2014 and seeks to encourage and recognise organisations that pay the right amount of corporation tax, at the right time and in the right place. Affinity Water has been accredited for the sixth year in a row.

# AffinityWater

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