

ALBION WATER
Delivering for customers
and our environment
2021/2022

Albion Water Limited

Registered in England No. 03102176

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Delivering for customers and our environment

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Summary from the MD

This report covers the year ending 31 March 2022, which externally has been impacted externally by the recovery from the Covid-19 pandemic and the war in Ukraine. Internally Albion Water have undergone internal reorganisations with the closure of the offices in Harpenden Hall, the insourcing of billing and customer services teams to Pelican (under Wessex control) and finally the acquisition by SDS Limited.

The repercussions of these external factors with people returning to their workplaces, the increases in the cost of living and future economic uncertainty have influenced customers consumption behaviour and their financial resilience. As with the previous year this has impacted our shared communities, our suppliers, as well as our team members. Albion has responded proactively maintaining our high levels of customer service, compliance with quality and regulatory standards while providing help to communities, businesses and individual customers.

Albion Water has undergone significant internal change as Wessex looked to review costs. The billing functions were insourced into Pelican to help provide consistency and cost savings, this resulted in the closure of Albion's previous HQ in Harpenden. Due to changes in working patterns driven by the pandemic this has allowed Albion to provide a more agile, location agnostic team.

In March 2022 the sale of Albion from Wessex to SDS Limited was completed. The purchase by SDS has gone through extensive discussion with Ofwat both strategically and financially. The partnership between SDS and Albion is an exciting one combining the systems and environmental gains from SDS through to end customers.

Looking ahead, in the next 12 months, it is an exciting time as Albion looks to build on its current customer base. Gravity remains a key focus with the large-scale industrial site as well as building and converting the pipeline through SDS's developer relationships. This growth as well as the flow through of the cost savings already implemented will help drive Albion into a positive cash trading position.

We continue to be proud of the approach we have to water bills affordability, and see our community role essential to helping future growth of our societies. We will continue to offer a discount on water and waste water services, compared to the sounding monopoly companies, and hope this will help our customers as the global economics continue to worsen and the cost of living increases.

About Albion Water

We provide water and/or sewerage services in England and have championed environmentally friendly solutions to providing the water and wastewater essential services for over 20 years.

Our mission is to be a world-leading environmentally delivering water and sewerage company.

Our pledge is to work with our stakeholders to deliver sustainable water and sewerage services and high standards of customer care. Through innovation, research and listening to our customers, we will seek to continually develop new products and services, improve customer satisfaction and practice sound environmental management and biodiversity stewardship.

As a private company delivering essential public services, we want to do this adding value directly to the communities we serve while also fulfilling a wider ambition to protect the planet during our climate crisis.

We thrive on doing things differently, challenging the status quo and our vision and future plans are dependent on embracing change. We consistently engage the whole industry and government to showcase our innovative solutions, work with worldwide developers to think differently about their sites and the impact they have on our communities and the environment and encourage cross industry collaboration to achieve these goals.

A great example of this is the recent work we are supporting at the [This Is Gravity](#) smart campus in Somerset. We will help them achieve a carbon neutral redevelopment, adding jobs and being part of the local environment. Another great example is the forward-thinking wetland project at Knowle, where we hope to increase biodiversity for the community and reduce nutrients being discharged into sensitive waters.

What we do & Where we do it

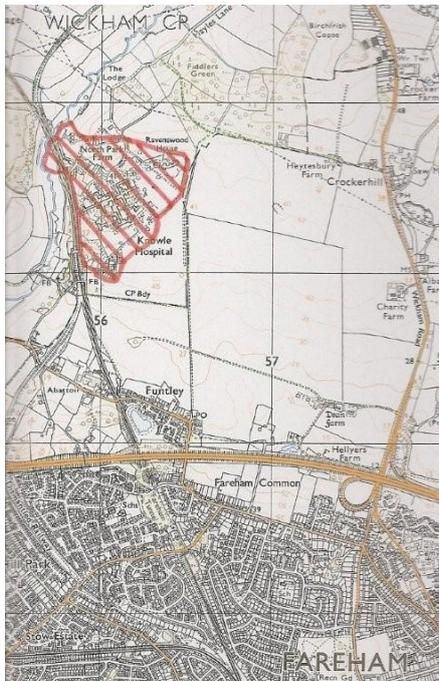
The housing growth plans for the UK over the next 20 years mean there is a real opportunity to ensure that biodiversity becomes an integral part of the development and planning process.

Our knowledge and experience of water and wastewater, managing green spaces, and building wetlands and sustainable habitats tailored to the biodiversity of each site, has ensured these features are developed and available in all our sites.

These nature-based solutions to managing water delivery, also benefit those who live in the communities we serve as well as give you access to diverse green spaces and rich environments to help foster wellbeing and stimulate good health. This approach to local community spaces has been welcomed during the last year when we have all been forced to stay local during the pandemic lockdowns.

Knowle

In July 2009, Albion Water pioneered an innovative services solution at Knowle Village near Fareham in Hampshire.



Working in partnership with the developer Berkeley Homes, water industry regulators and local residents, Albion Water secured an inset appointment to provide sewerage services to the village which not only set prices below that of the local monopoly provider, but maximised the use of existing assets, minimised the carbon footprint and enhanced the site's biodiversity.

Albion Water has embarked on a research and investment programme within this community-based solution to improve the sewerage infrastructure and reliability for Knowle's domestic and commercial customers.

Rissington

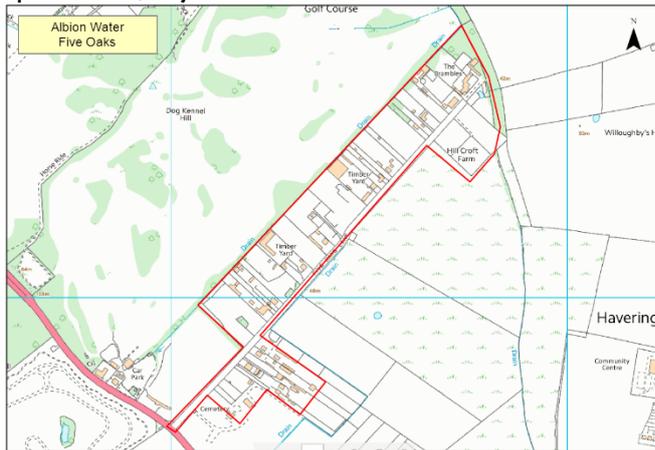
An RAF base from the 1930's through World War II and operated as a training base until the 1980's. During the 1980's and early 1990's the base was operated by the USAF, eventually closing in 1994. In 1996 the housing in the 'village', now called Upper Rissington, was sold off.

The former RAF base was purchased by Linden & Bovis Homes in 2012. Albion Water was contracted to provide water and wastewater services to the new development area known as Victory Fields and to refurbish and adopt the old private water and

wastewater infrastructure in the village. The successful refurbishment of the water supply network has resulted in a more reliable service and leakage has been reduced by 1 million litres a day. Albion has also been involved in assisting and managing an important local area of calcareous grassland and is currently working with the developers to design a retention lake that forms a central part of a groundbreaking community water recycling scheme.

Oaklands (Five oaks lane), Chigwell

Featuring a central community square and 25 acres of public open space, including a new country park and cycle path to Collier Row, Oaklands Hamlet offers an attractive collection of houses and apartments, adjacent to Hainault Forest Golf Club.



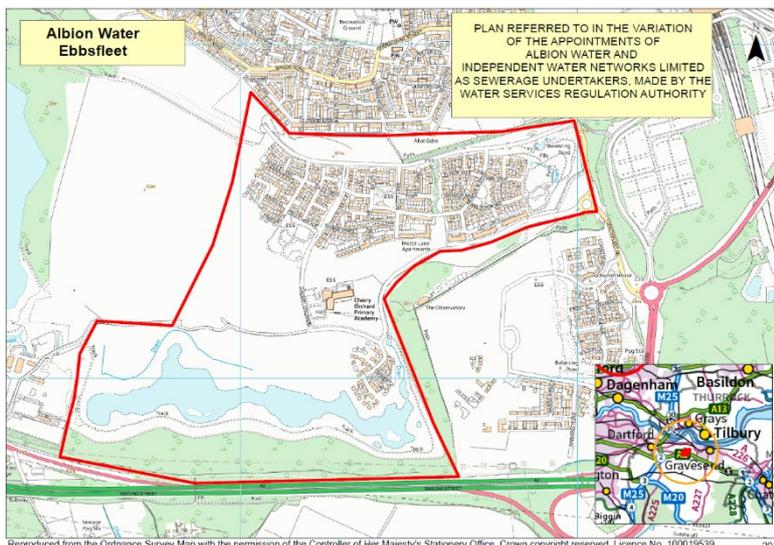
A joint venture between Countryside and L&Q, the homes boast superb views towards Canary Wharf and of the surrounding countryside.

There are a number of parks in the area including Hainault Forest Country Park, Fairlop Water Country Park and Havering Park.

Redbridge Cycling Centre is less than a mile away and boasts a road cycle circuit and mountain bike course.

Castle Hill, Ebbsfleet

Castle Hill is a multi-phase development located on the banks of the River Thames, it is part of the wider Ebbsfleet Garden City scheme and is situated in the Eastern Quarry.



It is located 1.5 miles from Ebbsfleet International Station. The development has large green spaces, playgrounds, a primary school and a community centre with future plans for local shops and other amenities. The construction of the development began in 2015 and is expected to take at least 10 years to complete.

The quarry was formerly an open cement works, owned by Lafarge until 2008.

The quarry was so large the City of London could fit into it. In October 2020, Albion Water took over responsibility for the sewerage network and sewage treatment works serving Castle Hill from Independent Water Networks Limited (IWNL).

Our Customers, Communities and People

We take our environmental stewardship responsibilities seriously and in the last 12 months we have:

- Managed the new SuDS assets at Chigwell and Ebbsfleet which deliver green community and wildlife space
- Continued to manage our existing areas of green space for the wider community enjoyment and supporting biodiversity
- Begun planning the transfer of restricted access woodland to become a community wellbeing space in Rissington
- Continued to provide new wastewater networks with no CSOs and therefore no sewage spills from these types of assets

We love our community engagement and in the last 12 months we have:

- Agreed with all stakeholders on a planning approach for the proposed wetland at Knowle that will remove more nutrients from our sewage discharge and increase biodiversity (public consultation due in April 2022)
- Engaged with the incumbent water provider, on behalf of our customers, and agreed a temporary asset solution to improve their asset resilience while they plan a full scheme to resolve the supply issues at the Oaklands, Chigwell site
- During incidents, big or small, we always take the personal approach and where possible attend site to explain the cause, resolution plan and provide additional education for all impacted customers, regardless of where the issues are on our assets or not
- Joined one of our group's other companies in delivering an online work experience programme, focused on green skills and jobs

We have always delivered excellent natural environmental performance and in the last 12 months we have:

- Continued our considered grassland management changes to encourage a species-rich calcareous meadow, so we are now custodians of land hosting thousands of orchids of 5 species, up to 10 bat species across our land holdings, also home to 7 species of reptiles and amphibians and populations of rare invertebrates and glow-worms
- Put in planning permission for a new wetland at Knowle
- Continued to work with the developer at our Oaklands site for best environmental use of the land around the sustainable drainage ponds
- Continued the discussions about transferring one of our wildflower meadows to full public use
- Continue to champion environmental issues and betterment, at no additional cost to our customers

Our exemplar Health & Safety performance continues and in the last 12 months we have:

- No HSE enforcements
- No reportable RIDDOR incidents
- No incidents
- We have also increased the focus on H&S with a new engagement programme, full review of all RAMS and GRAs as well as new PPE and Gas monitoring equipment ensuring all our team members are safe while performing their duties

Albion Water closely monitors and records its performance against our Guaranteed Standards of Services (GSS) promise. For the year ended March 2022 we have experienced very few service failures:

		Award per event	Customers	Total Paid
11.1	Keeping appointments	£50.00	1	£50.00
11.2	Replying to correspondence	£30	8	£240.00
Total			9	£290.00

During March 2021 and April 2021, the Oaklands Chigwell site experienced several supply interruption service failures, not shown in the table above. These events gave rise to 342 payments of £30 (£10,260) which are not included in the main table above as were an exceptional item but were reported last year in our Customer update.

To resolve the incumbent issue, that gave rise to the issues, we worked hard with the local MPs, councillors, parish council and resident’s association, to secure immediate asset resilience work in the incumbent’s Water Treatment work and agreed an advancement of asset expenditure which will provide a secondary feed to the site and secure the service in the future. The incumbent water company has refunded Albion Water the GSS payments made in relation to this failure.

Following the asset resilience work, we are pleased to report there has been no reoccurrence.

Our full performance table submitted to Ofwat are published on our website.

The only customer related items which needed remedial action in the year remained the issues with leakage at Rissington. While we have continued to protect our customers from large leak relate bills, via the leak allowance scheme. We continue to use the Automated meter Reading (AMR) data received to identify high consumption changes which give the best opportunity to avoid customer impact form leakage.

Supporting our customers

One of the core principles of being a NAV, or new water and sewerage company, is that every customer we have should be no worse off than if they had been served by the local incumbent (the ‘no worse off principle’).

We check and update our tariff schedules, all published on our website, each year to update them in line with any changes made by the incumbent companies. Our Board certifies the changes and we are always happy to provide a certificate of compliance to Ofwat following this process.

We believe in being open about the changes and our published tables, always individual for each site, provide an easy reference point for all customers to check should they have concerns.

Albion Water believe in fair pricing and efficient working, delivered by localised solutions. This approach allows us to offer discounts at our sites from the prices our customers would see if they were with the local monopoly customer. Currently these discounts are:

Site	Discount offered over local monopoly company
Knowle	0%
Rissington	10% on non-potable volumetric 5% on volumetric sewerage
Oaklands	5% on non-potable volumetric 5% on volumetric sewerage
Castle Hill	0%

Alongside making sure the charges are lower than the local monopoly companies, where possible, we believe our environmental approach to water recycling, onsite wastewater treatment with lower pumping arrangements (less sewer spills and lower carbon), combined with proactive community engagement and land management, mean our customers gain from being with Albion Water.

Financial Stewardship

We had another year of strong financial performance in 2021-22, reflecting our careful and considered growth business plan.

We made investments at Rissington, Kowle and Oaklands water recycling centres, which helps us ensure we can continue to provide our services into the future.

Our turnover decreased from £1.33m to £1.15m. This decrease is due to the reductions in one off revenues linked to the two new sites in 2021. This though has been mitigated by a full year of revenues at both new sites. Underlying operational costs decreased from £2.32m to £1.42m. This reduction has been driven by no one off costs for the introduction of new sites and a closer cost control in the drive to make Albion cash positive.

The trading deficit has been reduced from a £831k loss to £324k. The flow through of closer cost control and expanding trading activities are expected which will push Albion Water towards a cash positive position.

As part of the SDS acquisition of Albion Water a thorough financial resilience test was completed. The output was a £600k security deposit was agreed. This security bond was to cover the one year's annual operating costs required to supply the number of connections the business is projected to have in two years' time. At this point in time there is no new information that requires an adjustment to that balance.

Our funding remains stable and our new Board positive about the future stable growth of the company.

Albion Water Ltd - Profit and Loss Report
For the 12 Months to March 2022

Albion Water Ltd - Balance Sheet
As at 12 Months to March 2022

	GBP 000's		GBP 000's
Income		Fixed Assets	12,859
Water	242	Deferred Income	-13,453
Sewerage	850	Work-in-Progress	3,517
Other	53	Debtors	267
Total	1,145	Creditors	-438
Operational Costs	-1,416	Inter Company	-73
EBITDA	-271	Cash at Bank	78
Depreciation	-55	Net Working Capital	2,757
Tax	87	Long Term Borrowings	0
Interest	-85	Net assets employed	2,757
Profit/Loss	-324	Retained Loss Current Year	6,504
		Retained Losses B/F	-3,747
		Share Capital	
		Shareholder funds	2,757

Ownership and growth plans

Though we have none of our customer noticed though any change in service, Albion Water joined the SDS group of companies in March 2022.

This strategic purchase by SDS, looks to use their existing connections to new housing developments, their suite of environmental water recycling products and 30 years of experience in this sector to continue to innovate and grow Albion Water together.

SDS believe in the core elements of the Albion Water pledge and look forward to delivering on it for our people, customers and the wider community