

Table 1 - Essex & Suffolk Water - A summary of our monitoring plan for 2005-10**OVERALL STRATEGY FOR 2005-10 PERIOD AND KEY STRATEGIC OBJECTIVES**

Major improvements to drinking water quality have been delivered in the last 10 years. We provide water services to high regulatory and customer standards. Customer research shows that over 90% of our customers are satisfied with our service. The majority of customers consider it important that current service levels are maintained.

It is our aim therefore to maintain current levels of service as a minimum. In doing so we will take action to meet the rising demand for water from housing development in Essex

In addition, we will have to make investment to meet drinking water quality and environmental requirements required by Government and the quality regulators

Whilst Ofwat has allowed in price limits for unavoidable increases in costs, including Government taxation, we will make further significant operating cost efficiencies and this will help keep bill increases to a minimum

Main elements of our strategy include:

- a) Appropriate investment in the replacement of worn out assets
- b) Investment in improvements to drinking water quality as required by the Government
- c) Ensuring that increasing demands for water can be met in the future
- d) Consideration of how we can improve payment options to assist customers to pay their bill

QUALITY AND SERVICE IMPROVEMENTS IN 2005-10 PERIOD

- 1) The provision of appropriate measures to ensure the demand for water from housing development in Essex can be met including:
 - a) Preparatory work during 2005-10 for a major resource development at Abberton Reservoir (final completion planned for 2015)
 - b) Optional and selective metering programmes throughout 2005 -10
 - c) Leakage control to the economic level
- 2) Continuation of the water mains renovation programme to reduce levels of iron and manganese in drinking water by December 2006.
- 3) Installation of water treatment processes to ensure increasing levels of pesticides from farming do not enter the drinking water supply (to be completed by March 2007).

WHAT IS DRIVING THE CHANGES IN BILLS? (November 2003 PRICES)

Average household bill in 2004-05		Water
Less	(1) past efficiency savings and outperformance	-2
	(2) scope for reduction through future efficiency improvements	-7
	(3) maintaining base services	13
	of which	
	a) changes in revenue	4
	b) changes in operating costs	4
Plus	c) changes in capital maintenance	2
	d) impact of taxation	2
	e) financing	1
	(4) maintaining security of supplies to all customers	6
	(5) the impact of improvements in drinking water quality	11
	(6) the impact of environmental improvements	Nil
	(7) improvements in service performance	Nil
Average household bill in 2009-05		153

PRICE LIMITS AND EFFECT ON AVERAGE BILLS (November 2003 prices)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Price limit	10.0	7.1	4.0	3.5	1.0	0.2
1 Typical measured household bill	96	103	108	112	112	112
2 Typical unmeasured household bill	144	154	159	165	167	168
3 Average household bill	130	138	146	151	152	153

ESTIMATE OF EXPENDITURE NEEDS (2002-03 prices)

	Annual average for the 2005-2010 period (£/property/annum)
1 Total operating expenditure	70
2 Total capital maintenance expenditure	30
3 Total capital enhancement expenditure	24
4 Average annual number of properties used as the denominator in the above calculation	1854333

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