



Regulated Water Supply

South Staffordshire Water operates under a single water supply licence as Cambridge Water and South Staffs Water. It is a regulated water only company that provides clean drinking water to more than 1.7 million people and around 42,000 businesses in Cambridgeshire and in parts of Staffordshire, Derbyshire and the West Midlands. It does not take away wastewater or treat sewage.

It has been a busy – and at times challenging – 12 months for the business. It has completed the economic regulator Ofwat’s latest price review process (PR24), developing ambitious plans and investments to deliver for customers, communities and the environment over the five years to 2030. At the same time, the England and Wales water sector has continued to be in the spotlight, while macro conditions such as the ongoing war in Ukraine are still putting pressure on budgets and costs.

And yet, throughout the year its people have continued to go above and beyond to deliver high-quality and reliable services to customers, while also continuing to protect and enhance the environment. Every day, they have demonstrated how they are living the Group’s values by being **professional, trusted, impactful** and **community focused**.



Setting the wider context for the year

Throughout the reporting year, questions have continued to have been raised about the water sector's legitimacy, financial resilience and the role played by some investors and shareholders. This in turn has caused customers' trust in their water companies to fall.

Following the General Election in July, the new Labour Government committed to rebuilding that trust. One of its first actions was to deliver new legislation in the form of the Water (Special Measures) Act 2025.

Within the Act are a number of provisions that will have a direct impact on the business going forward. This includes the establishment of a new framework for holding water company Chief Executives to account for governance and remuneration. In addition, it enables the Secretary of State for Environment, Food and Rural Affairs to introduce a national social tariff to help customers who are struggling to pay their water bills. It also requires all water companies to report each year on the action they are taking to reduce pollution incidents in their operating areas. The business is working with its trade body Water UK, the UK Government and other key stakeholders on the implementation of the measures set out in the Act.

Alongside the Water (Special Measures) Act, in October the Government launched the Independent Water Commission. The Commission has been tasked with developing recommendations for a sufficiently robust and stable regulatory framework that will attract investment, help to speed up infrastructure delivery, and restore trust and confidence in the water sector.

The business has proactively engaged with the Commission, both at an individual company and at a sector level. This includes responding to its wider call for evidence, which launched in February, and which closed just after the end of the reporting year in April. At the time of signing, the business was waiting for the publication of the Commission's interim report to the Government.



Performance against regulatory targets

The reporting year is the last in the current five-year regulatory planning period to 2025. Over this time, the business has delivered against a number of regulatory targets. Many of these were co-created with customers in areas where they specifically wanted to hold the business to account.

The largest single investment within the five years to 2025 was the upgrade programme at the Hampton Loade and Seedy Mill water treatment works in the South Staffs Water operating area. At Hampton Loade, it took advantage of a post-COVID green recovery initiative implemented by the previous Conservative Government.

As part of this, the business was awarded funding to install innovative ceramic membrane filtration technology in the first retrofit of its kind in an existing water treatment works. The business completed the upgrade programme at the end of March 2025, in line with the target date.

The business has also outperformed its targets in a number of other key areas, including:

- the number of contacts from customers about the taste, smell and appearance of their water;
- the number of customers helped with financial and other support packages; and
- the number of young people engaged through its programme of in-person interactive assemblies and workshops

However, there are a number of other key areas where the business' performance has fallen short of its – and its customers' – expectations. In particular, it was disappointed to have failed its target for supply interruptions. This is an area where it has performed very well between 2020 and 2024, setting a high benchmark for the rest of the water sector.

Unfortunately, the business experienced a small number of significant bursts during the year, particularly in the South Staffs Water operating area. This has caused it to substantially miss its target, putting it in a penalty position for this measure for the first time.

In addition, performance for the principal regulatory measure of household customer experience – C-MeX – has fallen below the business' expectations. This target is measured relative to other companies in the water sector, so the business is disappointed to have missed its upper quartile target for the five years to 2025. It has put an action plan in place to improve its performance in this area.

The business has also failed its target for the Compliance Risk Index, or CRI, again putting it in a penalty position for the year. CRI is the principal regulatory measure set by the Drinking Water Inspectorate, the water quality regulator. It is designed to illustrate the risk arising from treated water compliance failures. During the year, the business experienced failures for turbidity, coliforms and odour at several sites across the Cambridge Water and South Staffs Water operating areas. It has undertaken a range of activities to address these issues.



Preparing for the next five-year planning period

A key feature of the year for the business was the culmination of the work it carried out to develop and shape its plans for the five years from 2025 to 2030 as part of Ofwat's PR24 price review process.

In December, the business received Ofwat's final decision on its plans. Ofwat is allowing it to invest £926 million in services and assets across the Cambridge Water and South Staffs Water operating areas. The regulatory settlement will enable the business to deliver a number of key programmes, including:

- a universal metering programme, which will give customers the power to pay only for the water they use, helping them to reduce their water use and possibly save money on their water bills;
- new treatment processes at sites across the Cambridge Water and South Staffs Water operating areas to enhance the quality of the treated water leaving those sites;
- its environmental obligations under the Water Industry National Environment Programme, or WINEP; and
- two infrastructure schemes in partnership with Anglian Water to secure long-term, sustainable water supplies for customers in the Cambridge Water operating area.

During the last quarter of the year, the business focused its attention on how it will deliver its ambitious plans. This includes the support it will make available to customers who continue to struggle with paying their water bills.



Case study: planning for universal metering

In 2021, the Environment Agency updated its classification of water stressed areas in England. Both the Cambridge Water and South Staffs Water operating areas are now determined to be 'seriously water stressed'.

This means the business is able to adopt compulsory – or universal – metering if there is sufficient customer support.

Planning for the universal metering programme started in earnest during the year. It represents a considerable step change from the business' previous metering programmes as it aims to achieve as close to universal metering as possible across the Cambridge Water and South Staffs Water operating areas by 2035.

The business recognises the importance of taking customers along on this journey. It has put customer care at the heart of the programme. This means that from initial notification about installation, through to the billing experience, it will deliver every stage with extra care and clear communication. To ensure customers who need extra help during this transition receive the right levels of support, the business is drawing on best practice from elsewhere in the water sector. This includes taking on board key learnings from other water companies that are further ahead in their metering programmes.

The business launched its universal metering programme in August 2025.

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