

Improving water and wastewater infrastructure

Water companies have a central role in managing our most vital resource, protecting public health and conserving the environment. However, many water companies have struggled to meet the expectations of their stakeholders as they grapple with ageing infrastructure, exacerbated by the impacts of population growth and climate change.

Following several years of underperformance under its previous ownership, funds managed by Macquarie Asset Management took a majority stake in Southern Water in September 2021 and made a series of commitments aimed at improving the company's operational performance, financial resilience, and relationship with its customers. This included a commitment that Southern Water would invest more than £2 billion in its network during the current five-year regulatory period – equivalent to £1,000 per household

– to accelerate the company's operational transformation and reduce pollution incidents by more than 50 per cent by 2025.

Though Southern Water's operational transformation will take time, we welcome its initial progress. Investment in the year to March 2022 increased 49 per cent on the prior year and we anticipate that Southern Water will achieve its pollution reduction goal by 2023 – two years earlier than our original commitment. Southern Water customers also currently have amongst the lowest bill of the combined water and sewerage companies in England and Wales, at an average of £1.10 per day²⁵.

We hope to build on this momentum, supporting Southern Water's campaign for greater action in a range of areas, such as improving water resilience in the South East of the UK and working with various stakeholders to help

reduce the environmental impact of combined sewer overflows, so the industry can evolve its services, improve the environment and strengthen the UK's water security.

