Annual Performance Report 2023/24

United Utilities

Water for the North West

Contents

Introduction 3
2023/24 United Utilities Water Board statement 6
Executive summary 14
Our expenditure and revenues 17
Risk and compliance statement 24
2023/24 departures from the Risk and Compliance statement 30

Year four performance 32
Your drinking water is safe and clean 35
You have a reliable supply of water now and in the future 41
The natural environment is protected and improved in the way we deliver our services 55
You're highly satisfied with our service and find it easy to do business with us 65
We will improve the way we work to keep bills down and improve services 71
Collect and recycle wastewater 81
The risk of sewer flooding for homes and businesses is reduced 84
Reconciliation models 92
Bill impact 93
Greenhouse gas emissions 95
Condition G Principles for Customer Care 100
Wholesale totex 102
Wholesale revenue 106
Retail expenditure and revenues 107

Independent auditor's report 112
Revenue recognition policy 135
Dividend policy 137
Tax strategy 149
Long-term viability statement 151
Transactions with associates and the non-appointed business 153
Statement of directors' remuneration and standards of performance 156
Ring-fencing certificate 164

P31 certificate 231
Assurance summary and findings 233
Jacobs audit report 252
Corporate audit report 267
Delegated authority to sign Condition P certificate 271
Non-standard ODI pro forma 272

Introduction

A regulated water and wastewater company

United Utilities Water Limited (UUW) provides water and wastewater services in the North West of England, serving over seven million people and 200,000 businesses. Its ultimate parent company is United Utilities Group PLC, a publicly listed company on the London Stock Exchange. We are regulated by Ofwat – the economic regulator of the water sector in England and Wales; the Drinking Water Inspectorate – the regulator for drinking water quality standards in England and Wales; the Consumer Council for Water – the independent voice for water consumers in England and Wales; the Environment Agency – the environmental regulator for England; Natural England – which is responsible for ensuring that England's natural environment is protected and improved; and the Department for Environment, Food and Rural Affairs (Defra), being the primary government department in relation to the water and wastewater industry.

Our purpose

We are a purpose led organisation. As a provider of an essential service in our region, our purpose is providing great water for a stronger, greener and healthier North West. This is the reason we exist and is what drives us to continually improve our performance. Our purpose highlights how environmental, social and governance considerations are integral to everything we do.

Our strategic themes

Our strategy is broken down into six strategic themes, which form the framework that enables us to deliver our purpose:

- Provide a safe and great place to work;
- Deliver great service for all customers;
- Improve our rivers;
- Create a greener future;
- Spend customers' money wisely; and
- Contribute to our communities.

Our core values

Our core values provide the cultural framework within which we operate.

- **Do the right thing** – First and foremost, as a responsible business, we want our people to always focus on doing the right thing. This means always putting safety first, delivering for the benefit of our stakeholders, championing fairness, acting with courage and speaking up if they come across anything that doesn't feel right. This is vital for building and maintaining trust with the public and all our stakeholders and for delivering our purpose.
- **Make it happen** – We are focused on supporting each other and working as a team to make things happen, taking accountability and putting progress over perfection. We want to celebrate successes, for individuals and for the company, and learn when we don't get things right first time.
- **Be better** – Ultimately, everything we do is about improving things and creating a better tomorrow for everyone. We want to be better as a company, and this means encouraging our colleagues to live this value as well. We want our people to be curious, ambitious, and solution-focused, seeking out new and innovative ways to deliver our services more efficiently and effectively. We want to ensure we are learning from the best people that are available to us, which is why we embrace diversity and inclusion, collaboration and partnership opportunities, innovation and best practice ideas from other companies, other industries, and the wider world.

Introduction

Performance reporting

Like all large water and wastewater companies in England and Wales, we report performance against a price and service package for customers and the environment. This package was determined through a price review process. The business plan we proposed for the current period was subject to scrutiny and changes following an extensive review by the economic regulator, Ofwat. This resulted in a final determination (FD), which set benchmarks for the services we should deliver and the cost for delivering them. We report annually against targets set in the FD.

The current FD covers the five-year period running from April 2020 to March 2025. This five-year period is often referred to as AMP7, and this report has been produced to reflect performance up to the end of year four of AMP7.

The Annual Performance Report

This Annual Performance Report (APR) tracks annual performance against the AMP7 FD. This year's APR is concerned with the delivery of our performance commitments at the end of year four and a forward looking view of performance anticipated for future years. It also includes information about our financial performance, our assurance approach and the board's approach to leadership, transparency and governance.

We publish a suite of documents that support the APR. This helps to provide a wide range of information for a variety of different stakeholders, regulators and customers in formats that help them access the data they want. We actively seek and act on feedback we receive on our publications and this helps us to support engagement with our reporting. Any comments about this or any other of our publications can be sent to: myview@uuplc.co.uk.

The summary below outlines the key information that we publish:

The Annual Performance Report
Annual Performance Report: (this document) A comprehensive, detailed and assured account of our performance
Customer focused summary: An overview of our performance structured around seven key outcomes. This customer focused document is presented in an accessible format in order to achieve a Crystal Mark for plain English
Performance infographic: A graphic that highlights our key deliverables and is published on our website and on social media platforms
Summary animation: A short, narrated animation describing our performance highlights
Accounting methodology statement: An overview of the process used to prepare the upstream services tables in the APR, with commentary on significant movements
YourVoice independent challenge group reflections: Independent reflections and feedback on UUW's performance during year four from the YourVoice group

United Utilities Water Limited's ultimate parent company is United Utilities Group PLC, a company listed on the London Stock Exchange. Additional information about UUW and the group and how we deliver water and more for the North West can be found in the United Utilities Group PLC Annual Report and Financial Statements. This is an integrated strategic, governance and financial report which is available at:

unitedutilities.com/corporate/investors/results-and-presentations/annual-reports

The report is designed to provide detailed information on the strategy, performance and governance of the group from a financial and non-financial position. It provides extensive disclosure on the performance metrics we use to measure how we are creating value for communities, customers, employees, the environment, investors and suppliers. It contains useful information for anyone wanting to understand more about UUW, its work and how it is governed and should be read in conjunction with this report.

We also publish other key performance information on our corporate responsibility website which can be found at: unitedutilities.com/corporate/responsibility

This website is designed to describe the way that the group has fulfilled its purpose and demonstrate the extent to which we have upheld the highest standards of performance with respect to the way we work.

Together, the reports and our website provide a clear and comprehensive view of our purpose, performance, delivery and governance, which is reliable, accurate and transparent.

Ongoing price review

In October 2023 we published our proposed business plan for the next five-year period, running from April 2025 to March 2030. This five-year period is often referred to as 'AMP8'. The plan outlines our future ambition to safeguard water supplies and the environment for generations to come, improve services, provide more help to those that need it and how this will affect customers' bills. If approved, this would see us invest more than £13 billion over the next five years, delivering a step change in infrastructure investment and delivery of services for customers and the environment.

Since October Ofwat has been scrutinising these proposals and later this year will determine the price, investment and service package that customers should receive during AMP8. Following the announcement of the general election, Ofwat delayed the publication of the draft determinations from June 2024 until July 2024. These are currently being consulted upon and Ofwat is due to publish its final determinations in December 2024. These determinations describe important information about service levels, cost allowances and investment plans for the AMP8 period. Companies may refer the final determination to the Competition and Markets Authority if they wish to appeal Ofwat's decision.

More details about our PR24 business plan proposals can be found on the microsite at: pr24.unitedutilities.com

More details on Ofwat's approach to the price review process and its determinations can be found on its website at: ofwat.gov.uk/regulated-companies/price-review/2024-price-review/

Transparent reporting

The provision of reliable, accurate and transparent information and data is an essential part of building and maintaining trust with customers and other stakeholders who rely on the services we provide.

Given our position as a provider of essential public services, we have a responsibility to provide accurate and easily accessible information about performance. We pride ourselves on publishing trusted information and have a proven track record of providing open, transparent and high quality information about our performance to customers, stakeholders and regulators.

We have a sound approach to assurance, which is a key enabler to high quality data provision. We intend to maintain and, where appropriate, evolve our approach to assurance throughout AMP7 to build further on the trust we have earned, make improvements where shortcomings are identified and to enhance the confidence that customers, regulators and other stakeholders can have in United Utilities' performance reporting.

We have applied our assurance approach to the data and information that is within this document and the supporting APR publications. This helps to ensure that the information we provide receives the appropriate level of challenge, review and approvals.

We have published details of our final assurance plan for year four of AMP7 and a description of our assurance framework, which can be found at: unitedutilities.com/corporate/about-us/performance/assuring-our-performance-2020-25

Introduction

Open data

We continue to develop our approach to open data and have recently published our open data strategy which can be found at:

www.unitedutilities.com/corporate/about-us/open-data/.

Our approach to open data follows best practice and adheres to the FAIR principles (findable, accessible, interoperable and reusable) in line with our developing open data strategy.

Our ambition for United Utilities is to be a data-driven, open data company. That means not just using open data provided by others, but also publishing open data with a purpose, led by what our stakeholders and customers need. We know that doing this will generate value for United Utilities, the water sector, customers and others by:

- Improving efficiency and service to customers.
- Improving openness, transparency and trust in our operations from customers and stakeholders.
- Improving how we work with partners, including other utilities.
- Demonstrating the value of open data as an agent to drive innovation and economic value.
- Delivering improvements and benefits for the environment and society as a whole.

Last year we made some improvements to the way we publish our APR data and we have further developed our approach this year.

Expanding on our approach, this year we have:

- Continued publishing data with an open data licence to help the user understand any restrictions on how the data can be used.
- Continued to publish the APR tables as CSV files that are machine readable.
- Provided metadata to help users navigate to the data and provide information to support the dataset.
- Provided additional datasets that support the information in the APR tables such as our biosolids market information.
- Provided a link for users to provide feedback on our datasets and suggest any improvements we could make.

APR open data can be found at: unitedutilities.com/corporate/about-us/performance/annual-performance-report/APR-open-data

YourVoice

The YourVoice independent challenge group plays an important role in monitoring, challenging and reporting on the delivery of our AMP7 business plan commitments.

As an independent panel of individuals from different sectors and backgrounds and with a variety of different areas of expertise, YourVoice looks at how the company can continue to capture and strengthen the views and engagement of customers in our activities.

You can read more about the work of the panel at: yourvoiceicg.co.uk

Structure of the Annual Performance Report

We have structured our report so that we can meet Ofwat's reporting requirements and provide a comprehensive overview of financial and non-financial performance. The main sections of the document are outlined below.

Introduction
Overview and navigation of the document

Board statement
Board confirmation that UUW has met the Board Leadership Governance and Transparency objectives during 2023/24

Executive summary
Sets out the key messages of this report

Risk and compliance statement
Board confirmation that UUW has complied with its relevant obligations in year four

Performance summary
Summary of our year four performance structured around our seven outcomes

Regulatory accounts
Detailed regulatory accounting data and disclosures, including copies of the pro forma data tables

Appendix 1
A summary of the assurance undertaken to support this report, including a summary of the assurance findings

Appendix 2
Certificate to demonstrate the delegated authority to sign off Condition I (ring fencing)

Appendix 3
Non-standard performance commitments calculations

2023/24 United Utilities Water Board statement

2023/24 United Utilities Water Board statement

Ofwat's revised board leadership, transparency and governance (BLTG) principles came into effect on 1 April 2019 and were embedded into the licence on 1 August 2019. These require United Utilities Water Limited to meet the objectives of the principles and to explain in an effective, accessible and clear manner how this has been achieved.

This statement demonstrates how United Utilities Water Limited's board of directors 'the board' has met the BLTG objectives during 2023/24. It references the provisions set out within the guidance when explaining how we are delivering against these objectives.

This statement briefly summarises how, by implementing this approach, the company is delivering for its customers and other stakeholders. Further detail to support this statement is set out within the UUW Annual Performance Report, the United Utilities Water Limited Annual Report and Financial Statements, and the United Utilities Group PLC Annual Report and Financial Statements. We provide references to this material below.

A) The regulated company board establishes the company's purpose, strategy and values, and is satisfied that these and its culture reflect the needs of all those it serves.
The board, supported by the executive team, is committed to achieving the very best results for the company, the customers it serves and its wider stakeholders.

We believe our purpose, strategy and values promote the long-term sustainable success of the company, further customers' interests, and create value for all stakeholders, including shareholders. Our intention is to hand over the business to our successors in a better and more resilient position for the future. Our purpose, strategy and values are set out on page 1 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements. As individual directors, we are mindful of our statutory duty to act in the way each of us considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to S172 (1) (a-f) of the Companies Act 2006.

Provisions:

i. The board develops and promotes the company's purpose in consultation with a wide range of stakeholders and reflecting its role as a provider of an essential public service.

We have set our purpose, strategic priorities and core values to ensure these clearly reflect key areas of focus and our ongoing commitment to environment, social and governance matters. As a provider of an essential service in our region, our purpose is providing great water for a stronger, greener, healthier North West.

- **Greener:** we protect and enhance urban and rural environments, and adapt to the challenges of climate change, allowing people, wildlife and nature to thrive, making the North West a better place to live now and for the future.
- **Healthier:** we provide great water and safely remove and recycle used water for more than seven million customers, while taking care of beautiful landscapes in the North West every day.
- **Stronger:** we deliver an essential service, help customers in vulnerable situations, invest in local communities, and support jobs and the economy, giving the North West resilience in a changing world.

Our three core values – do the right thing, make it happen and be better – provide the cultural framework through which we operate. Behaving responsibly has been part of the United Utilities ethos for many years and aligns with our purpose.

The ESG (environment, social and governance) committee has a principal role in the group's governance structure. It leads, on behalf of the board, in the review and challenge process to ensure management's activities in the increasingly broad area of environment, social and governance matters, are consistent with that of a business behaving in a responsible manner. The report of this committee, which includes a look forward in to the next year, can be found on pages 138 to 139 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements.

We work to deliver our purpose through six strategic priorities:

- Provide a safe and great place to work;
- Deliver great service for all customers;
- Improve our rivers;
- Create a greener future;
- Spend customers' money wisely; and
- Contribute to our communities.

In defining the company's purpose, the board took into account information and views from stakeholders through utilising research and engagement – including that which has informed our AMP7 and AMP8 business plans and the other feedback and intelligence obtained from customers through both programmatic research and day-to-day interactions. It is a standing item for the board's committee to discuss engagement with national and regional stakeholders each time it meets. For the year ended 31 March 2024, the board is satisfied that the formulation of our aspirations in terms of our purpose, values and culture have been informed by our stakeholders and we operate our business in such a way that will create long-term value for all. We believe the company has played its part in contributing to the region and has demonstrated its commitment to providing great water for a stronger, greener, healthier North West.

ii. The board makes sure that the company's strategy, values and culture are consistent with its purpose.

Our purpose is providing great water for a stronger, greener and healthier North West. To ensure that we deliver our purpose, we have six strategic priorities, which define the way we work, and three core values, which provide the cultural framework within which we operate. These inform both our work in the current period and our future plans, such as our proposed business plan for AMP8.

- **Provide a safe and great place to work:** We invest in our colleagues' training and development and are dedicated to maintaining high levels of health, safety and wellbeing. We want to attract, develop and engage great talent across the organisation, we support and encourage a diverse and inclusive culture, and we want colleagues to be empowered to contribute to making things better. To facilitate this we launched the new 'Call it out' initiative, to enable everyone across the business to raise things directly with the CEO and receive a response within 48 hours.
- **Deliver great service for all customers:** We strive to continually improve our service for customers – improving water quality, minimising interruptions, fixing leaks and reducing the risk of sewer flooding, achieving 79 per cent of our performance commitments in 2023/24. We expect to achieve 4-star rating for the Environment Agency's Environmental Performance Assessment when final performance is confirmed later this year. This year, we have also been ranked as the top water and sewerage company in the latest Customer Service Index from the Institute of Customer Service. Engagement helps us understand what matters most to customers – the stretching targets in our AMP8 business plan reflect views based on extensive engagement and this is reflected in strong levels of customer acceptability. Great service also means helping customers with affordability and vulnerability support, and keeping their data secure.

2023/24 United Utilities Water Board statement

- **Improving our rivers:** We have a strong track record in minimising pollution and continue to protect bathing waters across the North West and in 2023 delivered all of our commitments for environmental improvements for the Water Industry National Environment Programme (WINEP). River health in the UK has grown in public interest in recent years. The industrial legacy and high rainfall in our region means we have a bigger task than many to deliver the significant reduction in spills from storm overflows required by the Environment Act 2021. We have proposed that this should form a significant component of our investment in AMP8, with a £3.1 billion programme, which we have made an early start on during 2023 and 2024.
- **Create a greener future:** We are committed to protecting nature and biodiversity, and reducing water consumption. We have six carbon pledges underpinned by ambitious science-based targets and a net zero transition plan. We generate clean energy both from our own bioresources and through partners. We are looking at how we can further make the best use of our land to deliver clean energy, be that through our pledges to create woodland and restore peatland or increasing our renewable energy generation capacity.
- **Spend customers' money wisely:** We continuously challenge ourselves to improve cost efficiency in a sustainable way, so we can keep customer bills as low as possible in the long term without compromising on service or resilience. We look to minimise whole-life cost and deliver the best value solutions, using innovation to find better ways of working, raising efficient financing and managing risk prudently, leveraging partnerships and driving value in our supply chain, capitalising on digital and automation opportunities and removing areas of duplication or waste.
- **Contribute to our communities:** We work closely with communities across the North West and we invest in those communities as well as opening our land for access and recreation. We actively engage and make use of partnerships to drive value for communities, such as our participation in the Love Windermere initiative. We produced individual business plans for each of the North West's five counties, recognising their unique and diverse needs and challenges, and we have mobilised our teams into county delivery squads to help manage these relationships and ensure we can deliver our planned improvements for each county with minimal disruption.

Our culture and core values are:

Culture: Our culture drives the interactions we have with our stakeholders, and our commitment to responsible business and sustainability is reflected in the way we measure and report the value we create as a business.

Our culture is underpinned by three core values, which cascade down the business from the board to every one of our colleagues, guiding how we expect our people to behave in a way that drives a high performance and innovative culture. When assessing culture, we look at four categories – our core values (set out below), our purpose, our strategic priorities, and our people. Metrics are monitored and targets set for the greener, stronger and healthier ambitions within our purpose, which are closely aligned to our strategic priorities and to ESG matters. We also monitor a number of key metrics relating to our people, including engagement, health and wellbeing, diversity, and development.

Our core values are:

Do the right thing: First and foremost, as a responsible business, we want our people to always focus on doing the right thing. This means always putting safety first, delivering for the benefit of our stakeholders, championing fairness, acting with courage and integrity, and speaking up if they come across anything that doesn't feel right. This is vital for building and maintaining trust with the public and our stakeholders, and for delivering our purpose: doing the right thing for the natural environment helps us to create a greener North West; and doing the right thing for customers, communities, colleagues and suppliers helps us to build a stronger and healthier North West.

Make it happen: We are focused on supporting each other and working as a team to make things happen, taking accountability and putting progress over perfection. We want to celebrate successes, for individuals and for the company, and learn when we don't get things right first time. This can already be seen across the business, for example:

- Enabling and fostering new ways of working through our Innovation Lab process;
- Being able to act quickly and capitalise on pockets of efficient financing opportunities; and
- Our decisions to accelerate investment where we can deliver improvements for customers and the environment faster.

Be better: Ultimately, everything we do is about improving things and creating a better tomorrow for everyone. We want to be better as a company, and this means encouraging our colleagues to live this value as well. We want our people to be curious, ambitious, and solution focused, seeking out new and innovative ways to deliver our services more efficiently and effectively. We want to ensure we are learning from the best people that are available to us, which is why we embrace equity, diversity and inclusion, collaboration and partnership opportunities, and innovation and best practice ideas from other companies, other industries and the wider world.

The United Utilities Group PLC Annual Report and Financial Statement sets out additional information about these strategic themes and how they run through everything we do. For further information and explanation of our approach, we would refer in particular to the 2023/24 Strategic Report (pages 2 to 97).

iii. The board monitors and assesses values and culture to satisfy itself that behaviour throughout the business is aligned with the company's purpose. Where it finds misalignment it takes corrective action.

Our values demonstrate how we behave, individually and collectively, as the board and how we ask our employees to behave. Our employees are fundamental to delivering our strategy and achieving our purpose.

Our core values of do the right thing, make it happen and be better underpin our culture of behaving as a responsible business in the way we interact with the stakeholders we serve. We must continually reinforce these values so that the right behaviours cascade throughout the organisation, ensuring our culture of behaving responsibly drives what we do.

As part of monitoring and assessing culture and behaviour in the company, management has developed a dashboard of cultural metrics to provide a comprehensive overview to support the board in fulfilling its role in monitoring and assessing culture. The dashboard comprises relevant metrics derived from the annual colleague engagement survey; survey including scores on 'listen and act', wellbeing, reward, and inclusion along with other key performance indicators (KPIs). A number of KPIs are reviewed on a monthly basis by the executive team and presented at scheduled board meetings.

Alison Goligher is the current designated non-executive director for engagement with the workforce and as part of the role she chairs the Colleague Voice panel facilitating the opportunity for two-way dialogue between the board and the wider workforce. The activities and findings of the panel are shared with the ESG committee and the board on a regular basis. Representatives from colleague groups and networks from across the business and region attend meetings, with the membership being regularly refreshed. Meetings alternate between in-person and virtual, to provide greater flexibility and ease of attendance. There is an open invitation to board members to attend panel meetings, as most of the non-executive directors have done on previous occasions.

Alison holds regular meetings with senior trade union representatives as part of the agreed panel approach. Alongside the employee relation team, the CEO holds regular face to face meetings with senior trade union representatives to ensure direct two way communication. The group has a commercial agreement in place with a third party for the provision of agency staff and contractors. Engagement and communication in relation to these members of the wider workforce is managed directly by the third party via a dedicated third-party account manager who liaises directly with the company's human resources team. Should there be significant change activity, a representative of the third party would join the project team to ensure consistency when communicating information to colleagues, agency staff and contractors.

As part of our two-way communication, the board has responsibility for reviewing the group's arrangements for individuals to raise matters of concern and the arrangements for the investigation of such matters. The group's whistleblowing policy (the policy) supports a culture within the group where genuine concerns may be reported and investigated without reprisals. A confidential telephone helpline and a web portal are available to enable colleagues (including agency workers and contractors) to raise matters of concern in relation to possible incidents of fraud, dishonesty, corruption, theft, security and bribery. Furthermore, colleagues are encouraged to raise any matters relating to health and safety and any activities of the business that have caused or may cause damage to the environment, such as pollution or other contamination. Both the helpline and web portal are operated by a third party, enabling any concerns to be reported anonymously. The policy makes it clear that no colleague will be victimised for raising a matter in accordance with the policy. Matters raised with the helpline/portal are in the first instance reported to the whistleblowing committee and investigated by senior managers independent of any involvement of the issues being considered. Details of the findings of the investigation and proposed solution are then considered by the whistleblowing committee (whose membership comprises the company secretary, the people director, the regulation and compliance director, the head of internal audit and the commercial, engineering and capital delivery director) which meets quarterly. The board routinely reviews matters considered by the whistleblowing committee, the outcome of the investigation and the ways in which the matters were brought to a conclusion, thus ensuring that the core value of integrity is upheld and fostering an environment where colleagues feel it is 'safe to speak up' and to do so without fear of reprisal.

Culture is routinely monitored and assessed by management to ensure behaving responsibly drives what we do, and action is taken where there is misalignment. Qualitative and quantitative metrics are regularly made visible to the board via a number of mechanisms including in the CEO's monthly performance report and reports presented from time to time the board, and the ESG and remuneration committees. The people director presents an annual update on corporate culture to the board and the ESG committee. The dashboard comprises metrics derived from the annual colleague engagement survey including scores on 'listen and act', wellbeing, reward and inclusion along with other key performance indicators (KPIs). A number of KPIs are reviewed on a monthly basis by the executive team and presented at scheduled board meetings. During the year, a new internal 'Call it out' helpline has been set up providing a means for colleagues to call out situations where they think customers' money is not being spent wisely; where the service and behaviour of suppliers is not to the standard expected; or to provide an easy means of suggesting a process improvement idea.

The CEO regularly engages with colleagues throughout the business. Engagement champion sessions provide those colleagues who act as 'engagement champions' for their teams/departments with the opportunity to interact with our CEO and be kept up to date with our engagement approach. During the year, the CEO has visited a number of operational sites across the business as part of an ongoing programme enabling her to spend time chatting with colleagues face-to-face in an informal setting enabling them to raise any issues and providing an opportunity to ask her questions and give feedback. In December 2023, circa 4,000 colleagues attended a session in Blackpool to learn about the draft AMP8 business plan.

Taken together, the board is satisfied that policies, practices and behaviours within the business are aligned with the company's purpose, values and strategy. Further information about how the board monitors culture and employee engagement are set out on page 110 of the 2023/24 United Utilities Group PLC Annual Report and Financial statements.

B) The regulated company has an effective board with full responsibility for all aspects of the regulated company's business for the long term.

The group operates a structure that allows directors to be members of the boards of both UUW and its ultimate holding company, United Utilities Group PLC (UUG). These arrangements have been in place since March 2011 and were in place throughout the year ended 31 March 2024.

As a listed company, United Utilities Group PLC has applied the principles and reported against the provisions of the 2018 UK Corporate Governance Code (the code) for the year ended 31 March 2024.

Further detail on the reporting on the application of the principles, and against the provisions of the 2018 UK Corporate Governance Code, is provided on pages 98 to 168 of the 2023/24 United Utilities Group PLC Annual Report and Financial statements.

The boards of both UUG and UUW fully support Ofwat's drive for the highest standards of board leadership, transparency and governance in the industry. We are satisfied that current practices and the application of the code at both holding company and regulated company levels are entirely consistent with the Ofwat principles.

On pages 32 to 33 of the 2023/24 United Utilities Group PLC Annual Report and Financial statements, we set out our planning for the short, medium and long term. The board has full visibility as plans are presented to the board throughout the year.

Provisions:

i. **The regulated company sets out any matters that are reserved for shareholders or parent companies (where applicable); and explains how these are consistent with the board of the regulated company having full responsibility for all aspects of the regulated company's business, including the freedom to set, and accountability for, all aspects of the regulated company's strategy.**

The UUW board has full responsibility for all aspects of its business as an appointee. Furthermore, there are no items/topics relating to the regulated activities of UUW contained within UUG board's schedule of matters reserved for its own decision.

UUW and UUG are distinct legal entities and are operated as such. Notwithstanding that the same individuals are directors for both companies and scheduled board meetings of each company are held on the same day, they are held as separate meetings with board packs and agendas being prepared for each company's meeting, thereby creating distinction between meetings. Given that UUW represents approximately 99 per cent of UUG's revenues, decisions taken for UUW are unlikely to be in conflict with those of UUG. Were that to be the case, the directors would be responsible for taking decisions on behalf of each entity in accordance with S172 of the Companies Act 2006, and acting in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The company secretary would advise on any potential conflict of interest, and the board would seek independent advice on any matter if thought necessary.

Matters that have been reserved for decision by the UUG board can be found on our website: unitedutilities.com/globalassets/documents/pdf/03---schedule-of-matters-reserved-for-decision-by-the-board.pdf

ii. Board committees, including but not limited to audit, remuneration and nomination committees, report into the board of the regulated company, with final decisions made at the level of the regulated company.

The UUW board has delegated specific powers, subject to certain limits, relating to the capital investment programme, to the UUW capital investment committee and in relation to financing, by way of power of attorney, to the Chief Financial Officer and/or the Treasurer. UUW does not duplicate board committees already in operation at the UUG level (the board committees). The activities of the board committees, as required in accordance with the code, whose members are made up entirely of independent non-executive directors (in accordance with provisions 9 and 10 of the code who are directors of the company) are necessarily targeted towards UUW matters, given that UUW represents approximately 99 per cent of UUG's revenues. The alignment of the interests of UUW and UUG ensures that the interests of UUW and its customers are safeguarded, and avoids unnecessary duplication. The group has operated in this manner since 2011.

Further information about the UUG committees and approach to board governance can be found in the 2023/24 United Utilities Group PLC Annual Report and Financial Statements on pages 98 to 168. This includes reports from the Nomination committee (pages 113 to 117), the Treasury committee (page 136), the Audit committee (pages 122 to 135), the Compliance committee (page 137), the Environment, Social and Governance committee (pages 138 to 139) as well as the Annual Statement from the Remuneration committee chair (pages 140 to 141).

iii. The board of the regulated company is fully focused on the activities of the regulated company; takes action to identify and manage conflicts of interest, including those resulting from significant shareholdings; and ensures that the influence of third parties does not compromise or override independent judgement.

Meetings of the board are fully focused on the company's regulated obligations and activities as an appointee in accordance with its licence as a provider of water and wastewater services. The Company Secretary attends all board meetings and the board receives regular updates from the Regulation and Compliance director. Reporting to the board includes a summary of performance presented at each board meeting by the CEO, encompassing all directorates and key areas of the business and incorporating the monitoring of comprehensive KPIs, reporting of operational activities and incidents, and regulatory and customer updates and activities.

The board, whose directors' biographies can be found on pages 100 to 103 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements, includes a strong independent non-executive representation with a diverse range of backgrounds, skills and experience. As part of the director recruitment process, potential conflicts of interest would be assessed to ensure the suitability of the candidate in this respect (amongst others). A register of directors' interests is maintained and directors are asked to identify any potential conflicts of interest on any subject matter on the board's agenda at each meeting.

C) The board's leadership and approach to transparency and governance engenders trust in the regulated company and ensures accountability for their actions.

Excellent governance is part of who we are and United Utilities was delighted to be accredited with the Fair Tax Mark for the past six years. We participate in a range of global Environment, Social and Governance (ESG) ratings and indices to benchmark our approach against best practice and emerging sustainability challenges. We target being 'upper quartile across a suite of investor indices' to demonstrate our performance, measured through an operational KPI. We adhere to the highest levels of corporate governance. Fairness and transparency are key to the way we report, the way we operate and the way we interact with our stakeholders

In recent years, the UK water sector has faced challenges to its legitimacy, and questions raised about the ownership structure of the sector. We have been open and transparent in reporting our equity and debt financing arrangements and do not use offshore financing vehicles. We have a sound approach to assurance, which is a key enabler to providing high quality data. We are maintaining and, where appropriate, evolving our approach to assurance throughout AMP7 to build further on the trust we have earned, making improvements where shortcomings are identified and to enhance the confidence that customers, regulators and other stakeholders can have in our performance reporting.

Each year the board reviews and discusses the evaluation of the board, its committees and individual directors and conflicts of interest. Once every three years this process is undertaken by an external organisation and in the intervening years the evaluation is facilitated by the Company Secretary. In accordance with this schedule the review was undertaken this year externally by Independent Audit Limited (IAL). This process identified a small number of action points and assessed the action taken against the previous 2022/23 recommendations. Further details can be found on pages 117 of the 2023/24 United Utilities Group Annual Report and Financial Statements.

As part of its annual governance processes, the terms of reference for the audit, remuneration, treasury and ESG committees were reviewed by each committee and the board received post-meeting reports from the chairs of each committee summarising discussions and actions. It implemented matters arising from its biannual updates on changes and developments in corporate governance as thought fit. Further details of the company's approach to transparency and governance can be found in the corporate governance report contained within pages 98 to 167 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements.

In 2023 a new board committee was established with delegated responsibility to oversee compliance with regulatory and statutory reporting requirements, to be kept abreast of any changes to the requirements and to oversee the structure and processes of interactions with UUW's regulators. Over the past year the committee has reviewed key regulatory submissions including the annual performance report and AMP8 business plan and has challenged the underlying governance approach for these submissions. Amongst other interventions, the committee provided guidance to improve the clarity of the information presented in key submissions including the Risk and Compliance statement. More information about the work of this committee can be found on page 137 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements.

2023/24 United Utilities Water Board statement

Provisions:

i. **A detailed explanation of the structure of the United Utilities group is set out on page 120 of the 2022/23 United Utilities Water Limited Annual Report and Financial Statements.**

ii. **An explanation of dividend policies and dividends paid, and how these take account of delivery for customers and other obligations (including to employees).**

The board considers that there is substantial evidence that the company's overall performance is at least in line with the final determination, including the commitments embedded within our business plan and set out in the final determination for AMP7, and wider obligations from different stakeholder perspectives. Evidence supporting this view and of the company's delivery for customers and the environment includes the following:

- In 2023/24, 79 per cent of performance commitments met or exceeded resulting in a net reward of £33 million.
- The company is continuing to deliver improvements and additional investment in areas where performance is not achieving the Ofwat FD targets, including flooding and pollution incidents, water quality performance and interruptions to water supply. More details on this activity are included in the APR Section 1.1.
- The company expects to achieve 4-star rating for the Environment Agency's Environmental Performance Assessment when final performance is confirmed later this year.
- The company expects to achieve sixth position for C-MeX in 2023/24. The company expects to achieve sixth position in the D-MeX survey for developer customers in 2023/24.
- Ranked as the top water and sewerage company in the latest Customer Service Index from the Institute of Customer Service.
- Table 1F of the APR shows that return on regulated equity – a key measure of performance versus the final determination – is 8.35% in 2023/24 compared to an assumed level of 4.00% in the final determination. These returns are stated after taking account of £500 million of voluntary reinvestment, with a £250 million shareholder contribution, to drive long-term sustainable performance improvements and environment benefits.
- The company is committed to ensuring continued compliance with the relevant regulatory and environmental obligations in operating our storm overflows. Early investment we are making as part of Defra's Accelerated Infrastructure Delivery project, alongside our ongoing AMP7 Better Rivers programme, is already driving our improvement plan to reduce spill numbers on a long-term basis.
- Following the fractured outlet pipe at our Fleetwood Wastewater Treatment Works, the company made significant effort and investment to minimise the environmental impact and recover services to the area.
- UUW is expected to continue to maintain a robust set of investment grade credit ratings with current credit ratings of A-, A3 and BBB+ with Fitch, Moody's and Standard and Poor's respectively.
- The long-term viability assessment concluded that UUW had significant headroom and effective mitigating actions available to withstand any risks facing the business in severe but plausible scenarios.
- Taking all the above into account, the board considers that the payment of dividends in respect of performance so far in AMP7 is appropriate. Further detail on the dividend policies and dividends paid is provided on pages 136 to 141 of this Annual Performance Report.

iii. **An explanation of the principal risks to the future success of the business, and how these risks have been considered and addressed.**

The principal risks and uncertainties to the success of the business and the ways in which these risks are managed, monitored and mitigated are set out on pages 52 to 56 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements.

iv. **The annual report includes details of board and committee membership, number of times met, attendance at each meeting and where relevant, the outcome of votes cast.**

The table below sets out, for the year ended 31 March 2024, the number of scheduled meetings of the United Utilities Water Limited board that were attended and the maximum number of scheduled meetings that could have been attended.

Sir David Higgins	8/8
Louise Beardmore	8/8
Phil Aspin	8/8
Alison Goligher	8/8
Liam Butterworth	8/8
Kath Cates	8/8
Michael Lewis [(1)]	7/7
Paulette Rowe	8/8
Doug Webb	8/8

(1) Michael Lewis was appointed to the board on 1 May 2023

Memberships of board committees and attendance at these is set out in the Governance section of the 2023/24 United Utilities Group PLC Annual Report (page 108).

v. **An explanation of the company's executive pay policy and how the criteria for awarding short and long-term performance related elements are substantially linked to stretching delivery for customers and are rigorously applied. Where directors' responsibilities are substantially focused on the regulated company and they receive remuneration for these responsibilities from elsewhere in the group, policies relating to this pay are fully disclosed at the regulated company level.**

A detailed explanation of the group's directors' remuneration policy and its application during 2023/24 is set out on pages 142 to 163 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements. Details of remuneration for the directors of UUW is set on pages 156 to 163 of this Annual Performance Report and pages 121 to 123 of the United Utilities Water Limited Annual Report and Financial Statements. The criteria for awarding short and long-term performance related elements are substantially linked to stretching delivery for customers and are rigorously applied, with executive pay arrangements aligned to our purpose, values and strategy, thereby incentivising great customer service and the creation of long-term value for all.

D) Boards and their committees are competent, well run, and have sufficient independent membership, ensuring they can make high quality decisions that address diverse customer and stakeholder needs.

As detailed above, the group operates a structure with the same directors sitting on the boards of both UUW and UUG, thereby, increasing the efficiency and effectiveness of the corporate governance structure. As a result, and given that UUW represents approximately 99 per cent of UUG's revenues, the company does not duplicate the board committees already operating at the UUG level. Full details of the UUG board and board committees are set out within the Governance section of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements (pages 98 to 168).

Provisions:

i. **Boards and board committees have the appropriate balance of skills, experience, independence and knowledge of the company. Boards identify which customer and stakeholder expertise is needed in the boardroom and how this need is addressed.**

The board and the board committees have an appropriate combination of skills, experience and knowledge. Biographies of the directors are set out on pages 100 to 103 and the skills matrix of directors is set out on page 115 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements. Consideration is given to the length of service of the board as a whole and membership is regularly refreshed. Non-executive directors would, normally, only serve a term of up to nine years in accordance with the code (the tenure of board directors is set out on page 114 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements). Appointments to the board are subject to a formal, rigorous and transparent procedure. The board diversity policy (see page 115) of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements is taken into account during the recruitment process. The policy incorporates targets for gender and ethnic diversity, which are to maintain at least 40 per cent female representation and to have at least one director from a minority ethnic background* and to have at least one of the positions of: chair, CEO, senior independent director or CFO held by a female. These targets were first met in July 2022 and are in place at 31 March 2024. An effective succession plan is maintained for board and senior management. Improving diversity and inclusion within the group has been high on the board agenda. Further detail is set out on page 116 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements.

*Defined by reference to categories recommended by the Office for National Statistics (ONS) excluding those listed by ONS as coming from a white ethnic background.

ii. **Independent non-executive directors are the largest single group on the board.**

Throughout the year independent non-executive directors made up the majority of the board. Michael Lewis was appointed as a non-executive director from May 2023, and Clare Hayward was appointed as a non-executive director from April 2024.

The biographies of the full board can be found on pages 100 to 103 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements. Independence is tested against the criteria set out in the code.

iii. **The Chair is independent of management and investors on appointment and demonstrates objective judgement throughout their tenure. There is an explicit division of responsibilities between running the board and executive responsibility for running the business.**

Sir David Higgins was appointed to the board in May 2019 as chair designate and in line with the BLTG provisions, he was independent on appointment when assessed against the circumstances set out in the code. He was appointed as Chair of the board on 1 January 2020. The roles and responsibilities of the Chair are set out as part of the group's governance framework.

iv. **There is an annual evaluation of the performance of the board. This considers the balance of skills, experience, independence and knowledge, its diversity, how stakeholder needs are addressed and how the overarching objectives are met. The approach is reported in the annual report and any weaknesses are acted on and explained.**

A board evaluation is conducted annually, with an independent assessment every third year, as has been the case for a number of years. This year the evaluation was facilitated externally by Independent Audit Limited (IAL), in consultation with the Chair and the board committee chairs. Full details of the outcomes of this assessment can be found on page 117 of the 2023/24 United Utilities Group PLC Annual Report and Financial Statements.

v. **There is a formal, rigorous and transparent procedure for new appointments which is led by the nomination committee and supports the overarching objective.**

Details of the approach to board succession can be found on pages 115 to 116 of the 2023/24 United Utilities Group PLC Annual Report and financial Statements.

vi. **To ensure there is a clear understanding of the responsibilities attached to being a non-executive director in this sector, companies arrange for the proposed, final candidate for new non-executive appointments to the regulated company board to meet Ofwat ahead of a formal appointment being made.**

All non-executive directors appointed since April 2016 have met with Ofwat prior to appointment to the board. Michael Lewis met a representative of Ofwat in November 2022 prior to his appointment to the board on 1 May 2023, and Clare Hayward in February 2024.

vii. **There is a majority of independent members on the audit, nomination and remuneration committees and the audit and remuneration committees are independently led.**

Independent non-executive directors form the members of the board committees and chair the audit, compliance, ESG, remuneration and treasury committees.

E) Delivering for customers and stakeholders.

This year we have continued to deliver another strong performance for customers and stakeholders delivering or outperforming 79 per cent of our performance commitments. A full description of this, as well as our plans to improve performance in performance commitments we did not achieve, are set out both in Section 1.1 of this Annual Performance Report and in the strategic report pages 2 to 97 of the 2023/24 United Utilities Group PLC Annual Report.

We continue to focus on delivering environmental improvements and we have achieved the upper ratings (3-star 'good' and 4-star 'industry leading') in the EA's Environmental Performance Assessment in every year since it began in 2011. We were rated 3-star in the assessment for 2022 but were pleased that our performance across a number of measures have improved – including discharge permit compliance – and we expect to achieve a 4-star rating for 2023 when final performance is confirmed by the Environment Agency later this year. In 2023 we delivered all of our commitments for environmental improvements for the Water Industry National Environment Programme (WINEP) and for the third year running achieved 100 per cent compliance for our recycling and disposal of biosolids measure.

We have continued to focus on delivering great service for our customers, expecting to achieve sixth position for C-MeX and sixth position for D-MeX respectively in 2023/24. Supporting customers with affordability and vulnerability support is an important focus in the North West and we have helped over 370,000 customers with affordability so far this AMP and over 400,000 vulnerable customers on the Priority Services register.

We met our target of monitoring 100 per cent of all our overflows before the end of 2023. The exceptionally high levels of rainfall experienced through the region this year did mean that we reported an increase in spills from overflows. However, we remain committed and on track to meet our target of a sustainable one-third reduction in spills by 2025. As part of Defra's accelerated infrastructure delivery project, we have approval from Ofwat to progress over 150 priority projects during 2023–25. Our new dedicated storm overflow integrated delivery team, led by the Better Rivers Director is accelerating our improvement plan so that we can reduce spills from storm overflows as quickly as possible, employing a range of traditional and nature based solutions.

We are progressing with our Water Quality First programme and have completed a rigorous eight-year programme of inspecting and cleaning every storage reservoir. We have seen a reduction in contacts from customers about the taste, smell and appearance and received the Drinking Water Initiative of the year at the 2023 Water Industry Awards. In addition to this, we are delivering a programme of cleaning and re-lining our Vyrnwy Aqueduct. This year, we have completed work on over 35km reinforcing our strong commitment to water quality improvements. Leakage targets have been delivered for the 18th consecutive year, with a three year rolling average reduction in leakage of 7.1 per cent across AMP7.

We have made improvements this year in a number of our wastewater performance commitments delivering our lowest ever blockage performance and meeting our target for limiting sewer collapses. We have delivered additional treatment capacity at two key treatment works so that we are able to treat flows from new housing developments in the North West and have safely recycled 100 per cent of our biosolids. This has been an extremely wet year,

2023/24 United Utilities Water Board statement

the wettest 12-month period since 1871 for Greater Manchester, Merseyside and Cheshire, and the second wettest overall for the North West as a region and we have been unable to meet our targets for internal and external flooding, but we will continue to focus on improving this over the final year of AMP7.

Our balance sheet remains one of the strongest in the sector, and this year we have completed a pension scheme buy-in transaction, covering two thirds of scheme liabilities and representing a significant milestone in our journey to de-risking the pension schemes. We have liquidity to January 2026 and a low level of gearing at the UUG level at 59 per cent. Our solid credit ratings, provide us with financial flexibility as we approach AMP8.

Executive performance pay

Our remuneration arrangements for executive directors are aligned to our purpose and strategy, thereby incentivising delivery for customers and the environment, and the creation of long-term value for all our stakeholders. The table on page 158 summarises how our incentive arrangements in 2023/24 aligned with our business strategy.

Following a thorough review of our remuneration arrangements in 2021/22 and the approval of a new directors' remuneration policy at the 2022 UUG AGM, we believe our current approach demonstrates a strong link to delivery for customers and the environment, along with our other stakeholders. There are extensive disclosures in relation to executive remuneration on pages 155 to 162 of this Annual Performance Report. Additional information and context is available in the remuneration committee report on pages 140 to 163 of the United Utilities Group PLC Annual Report and Financial Statements.

The board recognises that the water sector has continued to be subject to significant scrutiny during the year, with storm overflows and pollution remaining clear areas of interest for customers and wider society. We need to restore public confidence and trust in the sector and are committed to having executive pay arrangements that demonstrate legitimacy and transparency, and reflect the expectations of our stakeholders. The measures and targets used in our 2023/24 annual bonus reflected our commitment to tackle storm overflow activations and improve river quality, with the introduction of a new spill reduction measure and the overall weighting of environmental measures being increased compared to the previous year.

The committee has a robust track record of making sure that executive pay outcomes are aligned with the interests of all our stakeholders. The majority of performance-related pay is linked to measures with a clear customer and/or environmental link, with 75 per cent of the annual bonus and 50 per cent of our Long Term Plan (LTP) being based on stretching targets related to delivery for customers, and at least 30 per cent of overall performance-related pay being based on environmental performance. Governance mechanisms are in place that enable the committee to reduce, withhold, remove or clawback performance pay in certain circumstances, and we provide clear, transparent and comprehensive disclosures about our executive remuneration and approach.

In respect of the annual bonus scheme specifically, performance is measured over a one-year period, but half of the outcome is deferred, typically into shares, and only becomes available to the directors three years after the cash bonus is paid. As stated earlier, for the performance year 2023/24 the annual bonus included a new spill reduction measure and increased weighting on environmental measures.

Many aspects of company performance were strong but the challenging weather conditions during the year severely hampered performance in some areas, and the stretching nature of the targets set meant that the threshold level of performance was not achieved for some bonus measures, including the new measure related to spills. As always, the remuneration committee also undertook an assessment to determine whether the formulaic outcome of the bonus scorecard was aligned with overall performance and the experience of stakeholders, including customers and the environment. A key consideration in the assessment this year was the operational incident in June 2023 arising from a fractured outlet pipe at our Fleetwood Wastewater Treatment Works. The significant effort and commitment made by the executive team and other colleagues across the company to recover services to the area and minimise the impact of the incident was commendable.

Nevertheless, the committee determined that in consideration of the level of disruption caused in the local community and the adverse impact on many stakeholders, it was appropriate to apply discretion to the executive directors' bonuses and decided to reduce the outcomes by 5 per cent of maximum. This means that the value of bonuses received by the executive directors are around 10 per cent less than they would have received if a reduction had not been applied. See page 160 for further details about the 2023/24 bonus outcomes.

In respect of our long-term incentives (LTIs), performance is measured over at least a three-year period, but the outcomes of awards granted to executive directors only become available after at least five years from grant. Since 2020, half of the overall outcome available for our LTI is based on key performance indicators including operational, service resilience and, since 2022, have reflected our performance on specific carbon measures, all of which capture the stretching delivery of performance in the interests of customers and the environment. The other half is related to our performance against return on regulated equity targets, where performance is influenced by the extent to which we deliver for customers. Overall, since 2020, at least 50 per cent of our LTIs have been based on customer and environmental objectives. See pages 160 to 161 for further details about the LTI awards vesting in relation to 2023/24.

Looking ahead, the performance measures used in our performance-related pay schemes during 2024/25 will remain closely aligned with our strategic priorities, and focused on delivery for our stakeholders. As in recent years, across both of our incentive schemes there will be a material weighting linked to delivery for customers, and at least 30 per cent will be based on measures which relate to our environmental performance, as a further demonstration of our ongoing commitment to improving performance in this important area.

As always, the committee will have the discretion to override formulaic incentive outcomes by exercising discretion on outcomes if deemed necessary, including by taking account of overall performance through our various stakeholder lenses, and again, any performance-related pay outcomes that the executive directors receive in respect of the year will not be paid for by customers of UUW.

The table on page 162 of this report summarises the measures, weightings and targets for the 2024/25 annual bonus. As in recent years, 75 per cent of the annual bonus is based on delivery for customers, and almost half of the overall bonus (around 47 per cent) is based on measures linked to environmental performance including reducing spills, and a new measure related to serious pollution. The measures and targets for the 2024 LTI will be set later in the year, and will again be based on a basket of customer and environmental measures and on Return on Regulated Equity, with each component being equally weighted at 50 per cent.

Details of our performance against these performance-related pay schemes will be included in our 2024/25 Annual Performance Report.

Signed on behalf of the board

Sir David Higgins
Chair

Louise Beardmore
Chief Executive Officer

This statement was approved at a meeting of the United Utilities Water Limited board on 18 June 2024 and signed off on its behalf by Sir David Higgins, Chair, and Louise Beardmore, Chief Executive Officer.

Executive summary

Executive summary

This is our fourth Annual Performance Report of AMP7, the five-year price control period running from April 2020 to March 2025. In this document we set out information about both our financial and non-financial performance against the targets and commitments set for the period. This report covers year four of the AMP, running from April 2023 to March 2024.

This year we have submitted our business plan to Ofwat covering the 2025–30 period (AMP8). We believe the plan is both high quality and ambitious and is well aligned to customer preferences as well as enabling us to deliver our statutory obligations. The water industry continues to find itself in the spotlight and we recognise that there is significant work to do in restoring public confidence and trust, and improving services for the benefit of customers, communities and the environment. Our plan looks to enrich services across the five diverse counties that make up the North West. If approved, it would see us invest over £13 billion in services, assets and infrastructure over the next business plan period, helping us deliver the step change we all want to see. Our plan would help to make the North West stronger, greener and healthier, with the largest investment in water and wastewater services in the region for more than a century.

For more information about our plan please visit our microsite at: pr24.unitedutilities.com

This year, despite continued challenges in the economic environment, we sustained strong operational and financial performance. We have met or exceeded over 79 per cent of our performance commitments delivering great performance on important measures to customers, including leakage, water quality, blockages and reducing voids. We have accelerated our investment ahead of AMP8, progressing work on over 150 storm overflows in order to help us achieve spill reductions faster. We are focusing on our highest spilling sites. At Cargo, our previous highest spilling site, we have already reduced spills from 343 in 2022 to just nine from September to December 2023. Our newly established storm overflow integrated delivery team is focused on the accelerated programme and is helping us remain on track to meet our target of reducing spills by a third by 2025.

More details of our plan for Better Rivers can be found on our website at: unitedutilities.com/better-rivers/what-we-are-doing

We know that a great quality reliable supply of water remains a high priority area for customers. To help deliver further improvements in service for customers we have continued to embed our Water Quality First Programme. In the summer we completed a rigorous eight-year programme of inspecting and cleaning every storage reservoir in our area, with our efforts to improve water quality being recognised by the Drinking Water Inspectorate (DWI) and leading to the award for the Drinking Water Initiative of the Year in the 2023 Water Industry Awards. We have met our regulatory leakage target for the 18th consecutive year, and we are now fixing six leaks every 30 minutes. In addition to this, we are delivering a programme of cleaning and re-lining our Vyrnwy Aqueduct. This year, we have completed work on over 35km in length, reinforcing our strong commitment to water quality improvements.

We have surpassed our performance targets for wastewater collapses and for the first time we have also achieved our blockages target with industry leading performance. Whilst we have narrowly missed our treatment works compliance target, we are pleased that our performance has improved on the previous year, with just four works failing consent. We will continue to focus our efforts in this area in the coming year.

Ten highlights from this year's performance:

01

We met or exceeded over 79 per cent of all of our performance commitments

02

We achieved our leakage target for the 18th consecutive year

03

We have supported over 370,000 households through our extensive range of affordability schemes so far in AMP7

04

We have met all our commitments for improvements within the Water Industry National Environment Programme

05

We have accelerated our investment ahead of AMP8, targeting investment on storm overflows to deliver faster spill reductions

06

We have submitted an AMP8 business plan that we believe is high quality and ambitious

07

Increased the number of customers signed up to our Priority Services to over 400,000

08

Over 84,000 customers lifted out of water poverty

09

Ranked as the top water and sewerage company in the latest Customer Service Index from the Institute of Customer Service

10

Maintained our Fair Tax Mark accreditation

Executive summary

In the Environment Agency's Environmental Performance Assessment this year we believe we are on track for a 4-star 'industry leading' rating making significant improvements across a number of measures in the latest 2023 assessment. Previously we have achieved the upper ratings (3-star 'good' and 4-star 'industry leading' in every year since the assessment began in 2011. This includes the top 4-star rating secured in five of the last eight years, representing a strong environmental performance against increasingly challenging criteria.

Supporting customers with affordability and vulnerability issues continues to be an area of important focus, particularly against a backdrop of rising household costs. We have helped around 370,000 customers with affordability support so far this AMP, and our proposals for AMP8 include our biggest ever support package, which would see us provide over £500 million support, helping one in six customers. We also support over 400,000 vulnerable customers on the Priority Service Register and published our vulnerability strategy this year. We are continuing to work with customers to help their understanding of efficient water use and make informed choices where possible, and although we did not meet our target for per capita consumption in year four we did improve our performance.

We have delivered a strong set of financial results during what has been a challenging year for businesses. Our balance sheet remains one of the strongest in the sector. We have liquidity out to March 2026, and this, alongside our low level of gearing at 59 per cent and solid credit ratings, provides us with financial flexibility as we approach AMP8. Return on regulated equity (RoRE) for 2023/24 was 8.5 per cent on a real, RPI/CPIH blended basis. This comprises the base return of 4.0 per cent (including our 11 basis point fast track reward), financing outperformance of 4.3 per cent, tax outperformance of 2.1 per cent, and customer ODI outperformance of 0.7 per cent, partially offset by the total expenditure (totex) impact of minus 2.2 per cent as a result of our additional investment to improve operational and environmental performance. Cost of living pressures continue to place a strain on customers' ability to pay their bills.

Delivering our promised outcomes

Over AMP7 we will be delivering across seven different outcomes. Each outcome consists of a number of different performance commitments. In section 1.1 of this document we have provided further narrative around each of these outcomes, explaining why each is important to customers. This section details each of the 47 different performance commitments which sit within the outcomes, describing the actions we have taken in delivering our performance and targets for year four. The table below outlines each of the seven outcomes, the number of performance commitments in the outcome, how many performance commitments we have successfully delivered in year four and the net outcome delivery incentive (ODI) position. In Appendix 1 we outline our approach to assuring our data and information. We also provide details on any areas where we are not fully compliant with reporting methodologies, including the reason for non-compliance, its impact and the actions we are taking to address the issue.

Outcome description	Number of performance commitments passed per outcome	Net ODI position (£m)
Your drinking water is safe and clean	4/5	20.880
You have a reliable supply of water now and in the future	8/11	4.608
The natural environment is protected and improved in the way we deliver our services	7/9	-1.963
You're highly satisfied with our service and find us easy to do business with us	4/5	2.413
We will improve the way we work to keep bills down and improve services	8/9	14.528
We collect and recycle wastewater	2/2	2.338
The risk of flooding for homes and businesses is reduced	4/6	-9.607
Total	37/47	33.197

Our expenditure and revenues

Our expenditure and revenues

Introduction

The PR19 price review process was structured around four wholesale price controls and two retail price controls.

The wholesale business undertakes the operational activities of collecting, treating and distributing water to customers and then collecting and treating the wastewater and managing the resources produced by the wastewater treatment process. At PR19, the two previous wholesale price controls (water and wastewater) were further split out to create four distinct price controls: water resources, water network plus, wastewater network plus and bioresources.

The retail business undertakes the customer contact and billing activities and this continues to be split into two separate price controls. One of these is for retail services for residential customers, which we continue to operate. The other retail services is for business and other non-household customers.

The non-household retail market opened to competition in April 2017, following which UUW exited the non-household retail market and non-household customers have been able to obtain their retail services from a number of retailers. Further details of the non-household retail market can be found on the Open Water website.

The remainder of this section of the APR sets out how we have performed against the PR19 expenditure and revenue assumptions for wholesale price controls and the residential retail price control.

Wholesale

Overview of the wholesale price controls (assumed expenditure and allowed revenue)

In Section 1.1 of this document, we set out that the performance expectations of the wholesale services are captured by performance commitments with associated outcome delivery incentives. The PR19 process determined the assumed levels of total expenditure (totex) that were required to deliver these performance levels and to continue to meet our other regulatory and statutory obligations.

These expenditure assumptions across the four wholesale price controls were then used to determine the amount of revenue that would need to be recovered from customers to allow the business to finance the delivery of the operational and capital expenditure programmes for AMP7, to provide ongoing finance for the previous investment programmes and to pay tax on our operations.

Totex incentivisation

The totex investment regime takes a holistic view of capital and operating expenditure (capex and opex) to generate a total expenditure level (totex).

Any variance between the initial totex assumptions and actual expenditure over the full five-year period will be assessed through the cost reconciliation mechanism at the end of the regulatory period. This mechanism ensures that if we have been able to make greater efficiencies than assumed in the final determination, then, for the majority of spend, half of the saving would be retained by the company and half would be returned to customers. Similarly, if our expenditure is higher than the determined allowance, half of the increased expenditure would be recovered from customers and half would be paid for by the company.

Additional detail on the totex allowances and incentive mechanism can be found in Section 1.4 Wholesale totex.

The impact of any net variance will be assessed as part of the PR24 price review process, which concludes in 2025, and will then be reflected in customer bills during subsequent periods.

Interaction of operational and financial incentives

The totex incentive regime is designed to work alongside the outcome delivery incentive regime to ensure that companies are incentivised to strike the right balance between expenditure and performance. This approach is designed to encourage companies to innovate and to achieve efficiencies or improved service levels, rather than simply setting fixed (or capped) expenditure allowances and performance requirements.

Wholesale expenditure

Our wholesale totex expenditure, as compared with the totex expenditure levels set out in the PR19 final determination, is shown in the table below.

Wholesale expenditure in 2023/24 (out-turn)

	Spend – year ending 31 March 2023		
Financial measure	FD assumption[1] (£m)	Actual[2] (£m)	Variance (£m)
Water resources totex	125	93	-32
Water network plus totex	512	640	129
Wastewater network plus totex	783	831	48
Bioresources totex	83	84	0
Total totex	1,503	1,648	145
Shadow RCV (March 2024)	13,969	14,089	120

(1) Inflated from FD allowances (presented in 2017/18 prices) to out-turn applying 2023/24 average CPIH. Includes allowance for Green Recovery schemes.
(2) Actual totex excludes AMP8 accelerated programme expenditure and transitional expenditure which will be funded through the PR24 process. Information from APR table 4C and 4U.

Our expenditure and revenues

Net regulatory totex

Total expenditure in 2023/24 was higher than assumed within the PR19 FD, with total actual totex spend of £1,648 million (excluding AMP8 accelerated programme and transitional expenditure) compared to £1,503 million assumed in the FD.

In 2023/24 we incurred additional spend largely a result of the additional investment we are making outside the scope of our FD to deliver further improvements for customers and the environment. This is partially offset by underspend categorised as due to timing, as we chose to accelerate our AMP7 investment programme across the first three years of the AMP to enable us to deliver benefits sooner, and we are now seeing the equivalent reductions in totex spend.

In addition to Green Recovery and Bolton WINEP – recoverable under Ofwat's reconciliation mechanisms – the rate of expenditure across the 4 year period to 2023/24 is higher than the FD allowance. This includes delivering sustainable improvements for customers through Dynamic Network Management and drinking water quality improvements, investing outperformance to deliver our 'Better Rivers: Better North West' programme and making an early start on aspects of the aqueduct. In addition, we have delivered additional scope requirements on our base capital programme, experienced the impact of inflation with costs rising above average CPIH, and the impact of weather events and incidents, including investment to repair the fractured outlet pipe at our Fleetwood Wastewater Treatment Works in June 2023.

Additional detail is provided within Section 1.4 Wholesale totex.

Our capital programme performance is measured through our capital delivery programme incentive (CDPi) KPI, which places strong emphasis on efficiency as well as reducing the carbon impact of our enhancement projects. We have improved our performance, delivering a strong score of 98 per cent this year, demonstrating that we are spending money wisely. This has been achieved in part through the application of value engineering techniques, innovation and supply chain opportunities.

Household retail

Overview of the retail price control and incentives 2023/24 performance – household retail

The PR19 process determined an allowed 'cost to serve', plus an assumed margin that could be recovered for providing retail services to household customers. The allowed cost reduces through the AMP7 period in real terms, as no direct allowance is made for inflation.

The initial cost to serve allowance was based upon assumed numbers of customers through the period. Total allowed cost to serve levels for each year, therefore, vary depending upon actual customer numbers.

Measure	Ofwat FD assumption	Allowance based on actual customer numbers	2023/24 actual	Variance
Cost to serve excluding margin	£95.5m	£99.2m	£119.6m	£20.4m

Actual household customer numbers at 3.23 million (table 2F) were 120,000 higher than assumed in the PR19 FD. This change has, primarily, been driven by a reduction in void premises. Taking account of an increase in customer numbers, allowed operating costs for 2023/24 were £99.2 million.

Actual operating costs in the year (as set out within APR table 2C) were £119.6 million, which is £20.4 million higher than the retail cost allowance. The increase in cost above the original FD assumptions is attributable to the cost of living crisis on cash collection and, therefore, bad debt and higher than expected levels of inflation. The costs are £13.3 million higher than in 2022/23, as detailed in the retail expenditure chapter Section 1.6.

Our expenditure and revenues

Our financial performance

Overview of the PR19 determination

Consistent with prior regulatory periods, Ofwat developed the PR19 determinations for all companies based upon a notional capital structure (rather than basing them on company specific capital structures). It applied a common weighted average cost of capital (WACC) for all companies of 2.96 per cent real (CPIH), inclusive of 0.04 per cent retail allowance. This excludes the 'fast-track' reward given to some companies.

To demonstrate that the plan was financeable, the anticipated performance against a key suite of equity and debt financial indicators was set out as part of each company's determination. In addition, Ofwat set out the assumed notional base case return against the company's regulatory equity (RORE). For UUW, this value was 3.86 per cent (real, RPI/CPIH blended), on average, across AMP7.

UUW was one of only three companies across the industry fast-tracked through the PR19 process during 2019/20. As well as allowing us to achieve a flying start on our investment programme for this AMP, our fast-track status provided a reward equivalent to an annual 0.11 per cent of regulated equity, worth around £25 million across the 2020–25 period.

The overall determination and incentive package was, therefore, positioned to be sufficiently broad and challenging that companies needed to manage diverse risks and utilise available opportunities in order to earn a balanced return for investors, while delivering the best possible package of price and service to customers and the environment.

2023/24 performance – UUW financial performance

We have delivered robust financial performance for the year ended 31 March 2024. Operating profit levels increased compared with last year, reflecting an increase in revenue largely due to the inflation allowed as part our revenue cap, partially offset by £38 million of costs associated with responding to a fractured outlet pipe at our Fleetwood Wastewater Treatment Works and inflationary pressures on our core costs.

We continue to maintain a strong balance sheet providing us with future flexibility. During the year, we completed a pension scheme buy-in transaction with Legal & General, covering two thirds of scheme liabilities and representing a significant milestone in our de-risking journey for the benefit of the pensions schemes, their members, and the company, by working as a near-perfect economic hedge, removing interest rate, inflation and longevity risks for the portion of liabilities secured. Our AMP7 investment requirements are fully pre-funded, and with gearing of 67 per cent and solid credit ratings we approach AMP8 in a strong position.

In the year to March 2024, we raised C.£1.6 billion of term funding. A 15.5 year £300 million sustainable public bond in April, a 9 year £100 million bilateral loan with a relationship bank in April, a 13 year £350 million sustainable public bond in June, a 22 year £250 million public bond in January, a £50 million tap of 12.3 year sustainable public bond in February and a EUR650 million sustainable public bond in February. In addition, we renewed £100 million of relationship bank revolving credit facilities with an initial 5-year term. Further in March we repurchased and cancelled C.£110 million of bonds that had an original maturity date of February 2025.

Our treasury management secured a low cost of debt compared with industry wide regulatory assumptions for AMP7, with an appropriate mix of index-linked and nominal debt. Our hedging policy means we are well placed to manage future financing costs. We have a robust liquidity position with £1,811 million of available liquidity as at 31 March 2024 giving us flexibility in terms of when and how further debt finance is raised to help refinance maturing debt and support the delivery of our ongoing capital investment programme. We have also published a seven year long-term viability statement.

We have a responsible and sustainable dividend policy, with consideration given to a broad range of stakeholders who have interests in the performance of the company. For 2023/24, UUW dividend payments totalled £189 million, which comprised of £192.7 million reflecting a 4 per cent return on the actual equity portion of the Shadow RCV, £1.9 million in respect to the non-appointed activities of UUW, and £(5.6) million true up from 2022/23. Further details on the dividend policy can be found on pages 137 to 141 of the APR.

The following pages provide commentary on our financial performance through an overview of our income statement, our financial position and a range of key financial metrics. The overall impact of this performance upon return is assessed through our return on regulatory equity (RORE) and financial flows.

Additional detail is provided within the UUW Regulatory accounts in Section 2.

Income statement

Our income statements for the years ending 31 March 2024 and 31 March 2023 are summarised in the table below. This should be read in conjunction with the high level commentary following the table and the detailed information provided within Section 2: Regulatory accounts.

Income statement measures for the years ending 31 March 2024 and 31 March 2023

Income statement measure (£m)	2023/24	2022/23	Movement
Revenue	**1,940.1**	1,790.0	150.1
Operating profit	**470.8**	434.3	36.5
Profit before tax	**78.8**	92.5	-13.7
Profit after tax	**60.0**	81.2	-21.2

Information from APR table 1A.

Regulated revenue increased by £150 million to £1.94 billion, largely reflecting the inflation increase allowed as part of our revenue cap. We had a £103 million increase in the revenue cap due to regulatory adjustments, driven by a 9.4 per cent CPIH-linked increase partly offset by 1.4 per cent real reduction in allowed wholesale revenues as set out in our PR19 Final Determination. Other revenue impacts largely reflect increases in consumption.

Operating profit of £471 million was £37 million higher than last year, largely reflecting the increase in revenue, partially offset of by £38 million of costs associated with responding to a fractured outlet pipe at our Fleetwood Wastewater Treatment Works and inflationary pressures on our core costs. Inflationary pressures on our operating costs have resulted in a £47 million increase. The largest increases have been to power and labour costs, where we incurred an additional £34 million and £13 million respectively. Other costs have been tightly controlled, partly mitigating the inflationary increases and leading to a £6 million cost reduction. In addition, IRE and depreciation have increased as our asset base continues to grow.

Profit before tax of £79 million was down £14 million. This reflects the increase in operating profit and a £176 million decrease in net interest expense, which is largely offset by a £244 million reduction in net fair value gains on financial instruments (from a gain of £235 million in 2022/23 to a loss of £9 million in 2023/24). The reduction in net interest expense is mainly due to lower non-cash indexation on our debt and derivative portfolio, partly offset by rising interest rates resulting in higher net interest payable on debt, derivatives and cash.

UUW has a reported profit after tax of £60 million this year, compared with a £81 million reported last year. The difference largely reflects the £14 million decrease in reported profit before tax, and a £12 million increase in deferred tax.

Our expenditure and revenues

Financial position

Our financial position for the years ending 31 March 2024 and 31 March 2023 is summarised in the table below. This should be read in conjunction with the high level commentary following the table and the detailed information provided within Section 2: Regulatory accounts.

Financial position for the years ending 31 March 2024 and 31 March 2023

Financial position	2023/24	2022/23	Movement
Total assets (£m)	**14,908**	13,802	1,106
Total liabilities (£m)	**13,893**	12,456	1,437
Net asset value and total equity (£m)	**1,015**	1,346	-331
Increase in net cash (£m)	**1,011**	64	947
Net debt (£m)	**9,357**	8,886	471
Ofwat RCV (£m)	**13,969**	13,414	555
'Shadow' Regulatory Capital Value (£m)	**14,089**	13,452	637
Gearing (%)	**67.0**	66.2	0.8

Information from APR tables 1C, 1D, 1E and 4C.

Net cash generated from operating activities for the year to 31 March 2024 was £734 million, £53 million lower than £787 million last year, principally due to higher net interest paid resulting from the rise in interest rates, and changes in working capital decreasing cash generated from operations. The net cash generated from continuing operating activities supports the dividends paid of £189 million and partially funds some of the net capital expenditure of £731 million, with the balance being funded by net borrowings and cash and cash equivalents. Year on year movements principally due to the timing of finance raised. The statement of cash flows can be found on page 119 of the APR.

Reported net debt (APR table 1E) was up by £471 million, largely as a result of net operating cash inflows offset by our net capital expenditure, dividends, indexation and cash interest.

The 'Shadow' regulatory capital value increased by £637 million, due to additional investment beyond the FD scope and a high inflation environment.

Reported gearing (which uses the RCV published by Ofwat) increased to 67 per cent, as the relative increase in net debt exceeded RCV growth, as described above. Based on the adjusted shadow RCV of £14,664 million which reflects the full expected value of our AMP7 ex-post adjustment mechanisms, gearing would be lower at 64 per cent. UUW's capital structure continues to support an A3 credit rating with Moody's. We expect to remain above the nominal gearing level of 60 per cent assumed by Ofwat in setting the PR19 FD, largely due to the discretionary expansion of totex to drive performance improvements.

Financial metrics

Our performance against the key financial measures set out in the FD for the years ending 31 March 2024 and 2023 is summarised in the table below. This should be read in conjunction with the high level commentary following the table and the detailed information provided within Section 2: Regulatory accounts.

Financial metrics for the years ending 31 March 2024 and 31 March 2023

Financial ratios	Notes	Ofwat PR19 FD assumption	2023/24 actual	2022/23 actual
Interest cover ratio (ICR) (cash)	1	4.58	**5.66**	**7.55**
Adjusted cash interest cover ratio (ACICR)	1	1.52	**1.30**	**1.44**
Funds from operations (FFO)/debt	1	10.83%	**8%**	**9%**
Gearing (net debt/RCV)	1	56.98%	**66.9%**	**66.2%**
Dividend cover	1	1.56	**0.32**	**0.18**
Retained cash flow (RCF)/Net debt	1	8.58%	**6%**	**3%**
Return on capital employed (ROCE)	1	4.32%	**3.87%**	**3.63%**
Credit ratings (long-term issuer default ratings)	2	Investment grade	**A3; BBB+; BBB+**	**A3; BBB+; BBB+**

Information from PR19 final determination: United Utilities and APR table 4H.

Notes

(1) Ofwat FD ratios are derived on a notional capital structure with a notional cost of debt and reflect 100 per cent of IRE expensed in the income statement.

(2) Minimum credit rating as required in UUW licence.

The interest cover ratios illustrate a company's ability to pay interest on its outstanding debt. The cash interest cover looks at the ratio of funds from operations (FFO) before the payment of interest, to cash interest paid, which is slightly below the assumption made in the PR19 final determination. This is predominantly due to the high level of cash being held and the interest receivable on this being excluded from the interest cover calculation. The adjusted cash interest cover adjusts the numerator by subtracting regulatory depreciation, which is an approximation of the capital cost that would be incurred if companies were to maintain the RCV at the same level, which is slightly below the FD assumption due to regulatory depreciation growth as a result of high inflation.

Our expenditure and revenues

The FFO/Debt ratio is calculated by taking the net cash generated from operating activities, adjusting for changes in working capital and dividing by net debt. This ratio is often used by credit rating agencies to look at the ability of companies to repay their debt and to fund their capital expenditure requirements. It should be noted, however, that each credit rating agency has its own approach to the calculation of these ratios, which may differ from the Ofwat calculation method used here. For example, applying Standard & Poor's (S&P's) usual methodology, which deducts all interest to derive FFO compared to Ofwat's method, which deducts cash interest only, S&P's FFO/Debt for 2023/24 would be lower at around 5 per cent due to higher inflation increasing the indexation charges on our index linked debt. Whilst the 9 per cent reported under Ofwat's method is below Ofwat's PR19 FD assumption, this has been caused by additional investments above the AMP7 FD scope, which increase the amount of debt but the associated benefit (uplift to RCV/revenues) will only be realised at PR24.

The debt to RCV gearing ratio measures the proportion of debt in a company's capital structure relative to its regulatory capital value. This ratio is often used by credit rating agencies to assess a company's level of leverage and capital strength. The movement on this metric is explained on the previous page.

Our credit ratings with Moody's (A3), S&P (BBB+) and Fitch (BBB+), all on stable outlook, remain unchanged from the prior year (long-term issuer default ratings). These are all well above the minimum investment grade and at or above PR19 business plan targets for Moody's (BAA1) and S&P (BBB+) on a notional basis. No PR19 business plan target was provided for Fitch.

Dividend cover shows the number of times the dividend can be paid from the distributable profits earned in each year. This is below the FD assumption. However, to more accurately reflect company performance each year, the impact of deferred tax should be excluded. The regulatory model allows for cash tax to be recovered through revenues, with future revenues allowing for cash tax including the unwinding of any deferred tax balance as it becomes current. By making this adjustment, the underlying tax charge does not include tax that will be recovered through revenues in future periods, thus reducing the impact of timing differences. Based on this alternative view, dividend cover would significantly improve.

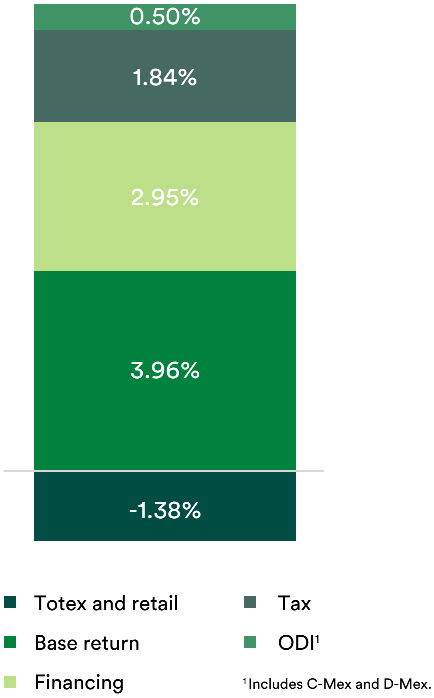
RCF/Net debt shows FFO retained by the business post dividend payments as a percentage of net debt. Similarly RCF/net debt of 6 per cent reported in 2023/24 is below the PR19 FD assumption, largely as a result of additional investments above the AMP7 FD scope which increase the amount of debt as described above.

ROCE measures profit before interest less current tax divided by RCV. ROCE of 3.87 per cent in 2023/24 is slightly below the FD assumption, due to inflationary pressures on our core costs, atypical costs associated with responding to the fractured outlet pipe at our Fleetwood Wastewater Treatment Works, and increased RCV growth as a result of high inflation.

Return on Regulatory Equity (RORE)

The UUW final determination set out the theoretical range of returns that UUW could expect to earn, dependent on its actual performance in the period, with this return being expressed as a return on the regulated equity of the business (RORE).

4-year average (FY21–24) 7.87% real



[1] Includes C-Mex and D-Mex.

The RORE value reported in our APR is designed to measure the returns (after tax and interest) that a company has earned by reference to the notional regulated equity, where regulatory equity is calculated from the RCV and notional net debt (60 per cent of RCV).

The notional base case RORE that was assumed in the FD was 3.86 per cent (real, CPIH/RPI blended) and was assumed to be able to vary between -0.1 per cent and 8.0 per cent, depending upon actual performance in the period.

UUW reported a RORE of 8.35 per cent in 2023/24, reflecting strong financing, customer ODI and tax outperformance, which more than outweighed total expenditure (totex) underperformance driven by additional investment in customer service and environmental improvements.

Although reported RORE exceeds the assumed base case and the expected range published by Ofwat, comparisons between these two values need to be made with care. The assumed return within the FD is based on a theoretical, efficient company with a notional capital structure and a notional cost of debt, whereas the actual values reflect the UUW actual company-specific position. The RORE measure has changed to align to financial flows reporting with one key change being that this now includes all tax outperformance on a new line, whereas previously the components within RORE were all presented post-tax. This means that the numbers are not directly comparable.

Our expenditure and revenues

The impact of our operational and financial performance on the key factors that are used to determine RORE is set out below.

Base return – The actual base return of 4.00 per cent (real, RPI/CPIH blended) was enhanced by a 0.11 per cent uplift as a result of UUW successfully securing fast-track status at PR19. Note that the Ofwat assumed base return of 3.86 per cent is an AMP7 average.

Operating costs (totex and retail) – We have incurred more wholesale totex across the year than was assumed in the FD, in part due to reinvestment to drive long-term sustainable performance improvements and environment benefits. Costs incurred in household retail have been higher than the FD allowance in 2023/24 predominantly due to higher bad debt costs due to the impact of COVID-19 and an increase in costs of living on cash collection, which remain below our original expectations. Inflation has exceeded the rate of inflation forecast at PR19, placing an inherent efficiency challenge on the retail price control as the cost allowances do not increase with inflation.

Outcome delivery incentives – Our good performance opposite performance commitment targets has delivered net ODI outperformance payments of £28.2 million across the wholesale and retail services, equivalent to 0.64 per cent of RORE. This includes assumed underperformance end of period payments, including £1.5 million against the per capita consumption ODI, although this will only be determined by Ofwat later in AMP7.

C-MeX/D-MeX – This is a measure of relative intercompany performance, and reported in the APR one year in arrears, as the final position is confirmed by Ofwat following the publication of companies' APRs. In 2022/23, we outperformed peers on C-MeX and D-MeX, receiving outperformance payments £3.02 million and £0.05 million, respectively.

Tax – Outperformance of 2.55 per cent of RORE in 2023/24 reflects the deferred capital allowances due to full expensing introduced in 2023 and higher capital allowances driven by substantial reinvestment outside the scope of our FD and accelerated investment brought forward from AMP8. Prior year adjustments in relation to optimising the available research and development allowances on our innovation-related expenditure, and other variances driven by movements in taxable profits and corporation tax rate versus the FD.

Financing – Financing outperformance is mainly attributable to the embedded cost of debt UUW has locked in at lower rates than Ofwat's PR19 FD assumed cost of debt. Ofwat's assumed cost of debt was based on a water industry average and, under the regulatory model companies with below average debt can expect to outperform on financing. In addition, we have consistently issued debt at efficient rates that compare favourably with the industry average, due to our leading treasury management, clear and transparent financial risk management policies, and ability to act swiftly to access pockets of opportunity as they arise. The level of outperformance fluctuates depending on out-turn CPIH – this year we have seen high levels of inflation with average CPIH at 5.55 per cent over the year.

Financial flows

RORE represents the real return for each water company assuming a notional capital structure (i.e. 60 per cent PR19 notional gearing level). Financial flows expands on reported RORE by presenting the actual return on the actual capital structure of the company. It includes the inflationary return to derive total shareholder returns as well as presenting retained value, net of dividend distributions.

A summary of our 2023/24 performance is provided below. Table 1F of this APR provides more detail.

Financial measure	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
Base return on regulatory equity	4.00%	3.22%	4.00%
• Financing	0.00%	7.61%	9.44%
• Operational performance	0.00%	-2.48%	-3.08%
RORE	4.00%	8.35%(1)	10.35%
Total shareholder return	**8.65%**	**12.78%**	**14.73%**
Net dividend	-3.00%	-3.39%	-4.21%
Retained value	**5.65%**	**9.39%**	**10.52%**

(1) Equals reported RORE as presented in table 4H.

On a notional equity basis, actual RORE at 8.35 per cent is consistent with the reported RORE metric described in the RORE section above. On an actual equity basis, reported RORE is higher at 10.35 per cent, reflecting the impact of slightly higher actual gearing than the assumed 60 per cent notional level. Total shareholder return includes the inflationary return on RCV of 4.65 per cent (not reflected in RORE, which is on a real return basis) and voluntary sharing arrangements, which reflect the amount of revenue forgone by the company to fund social tariff discounts for retail customers. Actual retained value of 9.39 per cent on a notional equity basis, and 10.52 per cent on an actual equity basis, is consistent with total shareholder return and dividends paid. Please see pages 144 to 147 of the Annual Performance Report for more narrative on reported financial flows.

Risk and Compliance Statement

Risk and Compliance Statement

UUW board's Risk and Compliance Statement 2023/24

This statement is made by the board of United Utilities Water Limited (the company or UUW, where the context requires) and confirms the company's compliance with the relevant statutory, licence and regulatory obligations for the provision of services to its customers. This statement reflects the reporting year 2023/24 and is complementary to other statutory board statements.

The Statement

The board considers that the company has applied its processes and internal systems of control in a manner that has enabled it to satisfy itself, to the extent that it is able to do so from the facts and matters available to it, that the company:

- has a full understanding of and has complied with its relevant statutory, licence and regulatory obligations in all material respects in 2023/24;
- has taken appropriate steps to understand and meet customer expectations;
- has sufficient processes and internal systems of control to fully meet its obligations;
- has appropriate systems and processes in place to identify, manage, mitigate and review its risks; and
- has confidence that the data and information provided to Ofwat and published in the reporting of 2023/24 performance was accurate and complete.

Where there are known material departures from this statement – for example, if there are ongoing significant identified legislative or licence breaches or where systemic issues arose with management controls or processes – then these exceptions are set out and explained in the Table of Departures, which immediately follows this Risk and Compliance Statement. In addition, at any given time there may be matters under ongoing discussion or investigation with regulators or others to determine whether a material departure occurred. Where relevant, these matters will generally be disclosed following the conclusion of such processes.

Managing compliance with our obligations

The primary statutory and regulatory obligations relevant to our functions as a Water and Sewerage Undertaker are set out in either the Water Industry Act 1991 or in our Instrument of Appointment – the 'licence'. The licence requires us to meet the requirements imposed under any other statutory and regulatory obligations as necessary to fully discharge our duties as a Water and Sewerage Undertaker.

The company has an established compliance working group, chaired by the company's Principal Regulatory Solicitor, with representation from relevant business areas. The group formed in 2015 in order to formally determine how the company's diverse obligations are identified and discharged. The group maintains a log of the company's key obligations, together with a list of the internal policies, associated risk assessment and assurance activities for each obligation. Each obligation also has an owner who is a member of the working group and a named owner of each obligation's linked policy, who usually is more senior and often at executive or board level. The group carries out horizon scanning to identify new legislation and identifies any areas of potential non-compliance against obligations.

The board manages the effective and efficient delivery of its obligations and operation of everyday activities within the business by the interaction of:

- **Authorisations, approvals and procedures:** These are set out in the United Utilities Group PLC Internal Control Manual (ICM) to provide employees with a clear system of internal controls that they must follow when acting on behalf of United Utilities Water and United Utilities Group PLC as a whole. The ICM sets out a framework within which underlying detailed procedures and policies operate.
- **Policies:** A range of underlying policies provide guidance to employees as to how they should conduct themselves when acting on behalf of United Utilities Water and United Utilities Group PLC as a whole. Everybody working for, or on behalf of, UUW must comply with the policies (to the extent they are applicable to their roles). Failure to do so may result in disciplinary action being taken. This could lead to dismissal and possible civil or criminal proceedings in serious cases.
- **Governance and control:** The board delegates responsibility for specific matters to a number of committees and working groups. This provides a framework that employees are expected to be aware of and comply with, where relevant to their role, to ensure business decisions are taken with sufficient governance and oversight.

To oversee and take decisions affecting the execution of its obligations, the UUW board:

- receives and reviews performance reports from the Chief Executive Officer;
- receives and reviews reports and presentations from the Asset Management, Bioresources and Green Energy, Commercial, Engineering and Capital Delivery, Corporate Affairs, Customer and Technology, Finance, Health and Safety, Legal, People, Regulation and Compliance, Transformation and Strategic Projects, Water Services and Wastewater Services directorates;
- receives and reviews reports and presentations from the UU Corporate Audit Team, the financial and technical auditors; and
- has access to executive and senior managers in the company to verify information.

Should a significant regulatory risk or issue materialise during the year, then UUW will update Ofwat, accordingly, to demonstrate that the company is aware of and is responding appropriately to manage that risk or issue.

Risk and Compliance Statement

Understanding and meeting customer expectations

Our investment priorities and performance targets for the 2020–25 period were shaped by listening to customers and stakeholders and understanding their priorities for the years ahead. This work informed a series of outcomes, which represent what we are aiming to achieve in the areas that customers and stakeholders told us were most important to them.

Each outcome is underpinned by specific performance commitments that allow customers and stakeholders to judge our performance. The performance commitments are an important mechanism that allows us to demonstrate to customers whether the performance they have received from us has met, or not met, expectations. Some of these measures contain outcome delivery incentives (ODIs), with performance against these measures potentially resulting in financial incentives for outperformance or underperformance.

The performance commitment and outcome delivery incentive framework is designed to reflect customer priorities and provide strong incentives for companies to become more innovative and effective, both protecting customers against under-delivery and where merited, rewarding companies for outperformance in areas specified by the regulator as part of a customer focused price review process.

The independent challenge group for the North West, YourVoice, has continued to play a valuable role in scrutinising our customer engagement, improving the transparency of our reporting and challenging on the development of our AMP8 business plan. Throughout the year, we have continued to work with YourVoice to demonstrate how we are delivering on our performance commitments during year four of AMP7. YourVoice's comments on our performance during the year are published on its dedicated website as well as its assessment of our customer research and engagement for our PR24 submission. The YourVoice website can be found at:

yourvoiceicg.co.uk

We believe that it is important to be transparent and to provide information to customers and stakeholders that they can trust and that enables them to understand how the company is performing. The summary of the assurance that has been undertaken and the findings from that assurance are set out in Appendix 1 of this Annual Performance Report.

Processes and systems

The directors have a reasonable expectation that the processes and systems of control the company uses are adequate for it to meet its obligations.

This statement takes into account the relatively stable and regulated nature of the business, and is based on, amongst other matters, a review of the company's performance for 2023/24, the results of the annual management control self-assessment, the work of Corporate Audit and a review of the company's risk management process and register.

In respect of this statement, assurance is provided by:

- **Using UUW's established processes and methodologies for reporting performance.** This requires data providers, their managers and business unit directors to produce and approve Performance and Compliance Statements that set out the evidence to support the reported performance and control checks that have been applied. Operational performance data is collected at month six, month nine and at year end.
- **Comparing the reported outturn performance with our company business plan targets, regulatory targets and predicted future performance.** This exercise allows variances to be identified and explored. Where required, explanatory statements are sought from business managers. These statements are analysed and assessed by the Regulatory Reporting and Assurance team (within Regulation and Compliance) and findings are reported to the relevant executive directors, with any material issues highlighted to the UUW board.
- **Requiring Business Unit Directors and Senior Managers to complete an annual management control self-assessment questionnaire.** The self-assessment is overseen by UU Corporate Audit and serves as one of many inputs to the board's annual review of the effectiveness of risk management and internal control systems in accordance with good governance principles. The self-assessment questions are intended to assess the awareness and application of key internal controls, highlighting the incidence of significant weaknesses or failures in controls during the period that have had, or could have, a material impact on the company's performance or condition. The questionnaire covers compliance with both Licence and Water Industry Act obligations, along with key business policies, procedures and controls.
- **Reviews are undertaken by the UU Corporate Audit team and technical auditor of the company's processes, risks and controls.** In 2023/24, Corporate Audit continued to review the company's risks, processes and controls, covering operational areas and support functions (such as finance, digital services and health and safety). The team reviewed regulatory reporting information and submissions, the disclosures made in the Corporate Governance section, and elements of the non-financial information disclosed within the Strategic Report and Directors' Report sections of the Annual Report and Financial Statements. The scope of the audit work is consistent with the company's published assurance framework. Findings are reported to aid the board's decision to approve these reports. The team reviewed UUW's compliance with Ofwat's board leadership, transparency and governance principles as part of their annual review of corporate governance. Their findings are reported to the board to aid the board's decision to approve the annual Risk and Compliance Statement. The effectiveness of the Corporate Audit team is reviewed annually by the Audit Committee, taking into account the team's performance against the quality assurance and improvement plan, the outcome of an annual stakeholder survey and periodic external assessment (the last external assessment was during 2023/24). The technical auditor provides a summary report about year end reporting to the board each June. A copy of this can be found in Appendix 1.
- **The Group Audit and Risk Board (GARB) reviews and monitors compliance with governance processes, risk management and the internal control framework to identify emerging themes and trends.** GARB provides an executive review of governance processes, risk management and internal control, their adequacy, effectiveness and performance. GARB monitors compliance as part of the governance framework, identifying emerging themes and trends. Meeting on a quarterly basis, GARB regularly reviews issues and summary level reporting (typically by exception) arising in relation to:
  - Corporate Audit activities;
  - management control self-assessment activities;
  - risk management framework, process and reporting, and effectiveness thereof;
  - fraud and whistleblowing framework, process and incident reporting, and effectiveness thereof;
  - data protection, competition, environmental information regulations and Bribery Act compliance;
  - security, including IT, cyber and operational security;
  - operational resilience, including asset resilience; and
  - operational compliance and assurance activities.

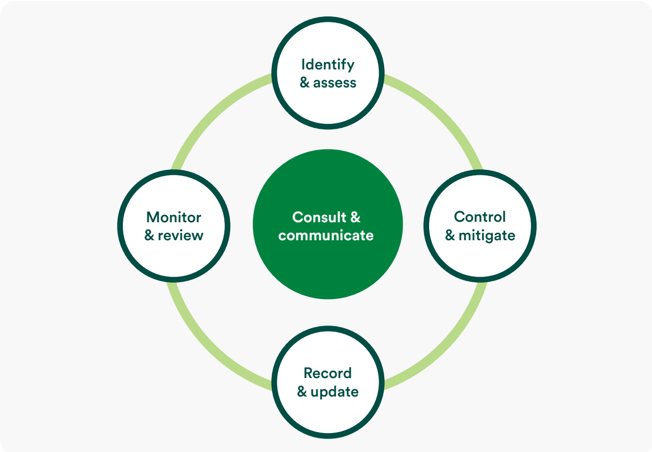
Where material issues are identified and/or the board considers it is unable to support the expectations of the Statement, then exceptions are set out in a table following the compliance statement.

Risk and Compliance Statement

Risk management

Successful management of risks and uncertainties enables us to deliver on our purpose to provide great water for a stronger, greener and healthier North West.

Our emphasis is on our capacity and capability to manage risk and uncertainty and to build and maintain long-term resilience across our corporate, financial and operational structures.



Key components of the framework include:

- An embedded enterprise-wide risk management process that is aligned to ISO 31000:2018;
- A board-led approach to the company's risk appetite and tolerance framework;
- A strong and well-established governance structure giving the board oversight of the nature and extent of risks the group faces, as well as the effectiveness of risk management processes; and
- A portfolio of policies, procedures, guidance and training to enable consistent, group-wide participation by our people.

As an enterprise wide approach, the accountability for the assessment and management of risk is across the entire organisation, taking account of interdependencies and interrelationships of both internal and external factors and stakeholders. The identified risks cover a wide range of potential events relating to our objectives and obligations, including regulatory, legal, core operations, service and hazard risks. Horizon scanning is an inherent part of our risk assessment processes and a key focus of multiple cross-business forums, which take a holistic view of the organisation, system or production line. This enables a forward-looking consideration of new and emerging areas of concern, the long-term impact of risks (including knock on and cascading impacts), and either specific or integrated cross business control/mitigation as appropriate.

The process involves group level evaluation, benchmarking and calibration to enable a consistent approach, an appreciation of the most significant risks from a financial and reputational context, together with an evaluation relative to our risk appetite and tolerance.

Oversight and governance process

The board ensures that its oversight of risk remains effective through a number of established reporting routes. Twice yearly, the board receives a full update on the risk profile as part of the full and half-year reporting cycle. This provides an overview of the nature and extent of risk exposure in the context of the group's principal risks, and emphasises the most significant risks in both their current state and the target state of acceptable exposure.

This practice is in compliance with the UK Corporate Governance Code (2018), and enables reports to be provided to the board for each full and half-year statutory accounting period. The board is, therefore, able to:

- Make decisions on the level of risk it is prepared to manage in order to deliver on its strategy;
- Engage with the business to put appropriate controls in place, and to ask questions and test the appropriateness of plans;
- Report externally on the long-term viability of the company in an informed manner; and
- Monitor and review the effectiveness of procedures, systems and risk management thinking.

Our approach to corporate risk management and principal risks and uncertainties are set out in the United Utilities Group PLC 2023/24 Annual Report and Financial Statements.

unitedutilities.com/corporate/investors/results-and-presentations/annual-reports

In respect of regulatory reporting UUW has maintained its tailored risk management and assurance approach that has been used in our previous regulatory reporting periods.

This process identifies high-risk elements of our reporting and ensures that action plans are established to manage or mitigate the risks and appropriate governance and assurance is in place.

The regulatory reporting risk assessment process and final assurance plan for our 2023/24 regulatory reporting are set out on the United Utilities website:

unitedutilities.com/corporate/about-us/performance/assuring-our-performance-2020-25

Appendix 1 of the Annual Performance Report provides confirmation that this assurance plan has been implemented and sets out the findings of that assurance.

Data and information provision

The accountability for operational performance and regulatory reporting sits within the relevant business units responsible for the day-to-day management of the associated processes. The data that underpins the reporting of performance commitments and other operational performance has an executive sponsor, with their team being responsible and accountable for the end-to-end process from delivery to performance reporting.

The AMP7 assurance framework has been reviewed and challenged by the board and has been published on the company website at:

unitedutilities.com/corporate/about-us/performance/assuring-our-performance-2020-25

Data reporting

The accountability for operational performance and regulatory reporting sits within the relevant business units responsible for the day-to-day management of the associated processes. The data that underpins the reporting of performance commitments and other operational performance has an executive sponsor, with their team being responsible and accountable for the end-to-end process from delivery to performance reporting.

Data assurance

The process by which we capture and report data is defined in a suite of methodology statements, which are developed by subject matter experts. The methodology outlines how we comply with reporting requirements and sets out the systems used to capture and report data, role accountabilities and the processes used to analyse and calculate the resultant performance levels. Additionally, the methodology statements include key process controls and checks that assure the resulting data. Each of the methodology statements is reviewed during the year and signed off appropriately by the relevant senior manager or member of the executive, dependent on the associated level of risk. All data relating to our performance commitments is signed off by an executive owner. In addition to these methodology statements, Performance and Compliance Statements (P and CS) are compiled that evidence the reported performance and control checks that have been applied. Operational performance data

Risk and Compliance Statement

is collected and reported in this way at month six, month nine and at year-end as part of our regulatory reporting process. This informs management actions to address in-year performance issues. The P&CS is signed off appropriately based upon the risk level assessed. An electronic sign off process has been established, which provides a robust audit trail of all interactions in the approvals process.

Risk assessment

Reported information is risk assessed to determine the minimum level of assurance applied. This is based on the significance of the data (both financial and reputation) and the materiality of potential risks or issues. The risk assessment ensures that issues are escalated to, and signed off by, the appropriate accountable manager or executive. This risk assessment is usually undertaken at least twice annually in order to ensure emerging risks are taken into account during the year.

Targeted assurance

The process for capturing and assuring our regulatory data is underpinned by a 'three lines of assurance' approach to the analysis, review and assurance of the reporting of regulatory information. In the first line of assurance, management has accountability for developing and maintaining sound processes, systems and controls in the normal course of its operations. In the second line of assurance, the Regulation and Compliance team or Finance team has accountability for providing the framework and governance for regulatory reporting and ensure that methodologies have been complied with. The UU Corporate Audit team provides an independent review of the effectiveness and application of the assurance framework and undertake a number of targeted reviews. A report is presented to the board outlining its findings and any areas of non-compliance. The third line of assurance provides independent audit and assurance activity through independent technical auditors and in some cases specially appointed third party providers. A report is presented to the board outlining its findings and any areas of non-compliance.

Data review

Performance data is used to report performance throughout the business up to board level. Performance data produced either monthly for scorecards or the regular reporting processes outlined above is compared against regulatory targets and predicted future performance. Monthly scorecards are shared widely throughout the business as part of the monthly briefing process. This exercise allows variances to be identified and explored. Following reviews at month six and month nine, where required, explanatory statements are sought from business managers. These statements are analysed and assessed by the Regulation and Compliance team and findings are reported to the relevant executive directors, with any material issues highlighted to the UUW board. This scrutiny supports understanding of our performance so that it can be explained and challenged. Where necessary, corrective action can be taken to try to bring performance back on track.

Board engagement and challenge

The board has considered and challenged our published assurance approach which supports the publication of its performance data; and the risk and assurance processes, governance structures and individual accountabilities which support the provision of information to the board and other stakeholders. The board is also fully engaged with understanding – and where appropriate, challenging – how we perform against our performance commitments, receiving detailed regular performance reports at board meetings, with particular focus at half-year and year-end.

In 2023 we established a new board Compliance Committee to ensure the board has an even greater opportunity to provide early and in-depth scrutiny of regulatory submissions and to help ensure the accuracy of information presented to regulators and customers. The committee is made up of three directors, two of whom are non-executive directors, one of whom is the chair. The Regulation and compliance director is a member of the committee and the company secretary attends the committee meetings.

Other key regulatory submissions are approved by the board during the year. These are subject to a clearly defined assurance process including risk based assessment, prior to being submitted to the board for consideration. This process includes detailed scrutiny from senior management, first and second line risk and assurance teams, as well as independent experts for third line assurance where required. Exceptions and issues identified from the assurance process and the actions taken to resolve or mitigate them are raised with the board for consideration. At year-end Corporate Audit and the independent technical assurer separately present the results of their assurance findings and any areas of non-compliance.

Independent challenge and review

We regularly discuss our performance against targets with the YourVoice panel. Actions and plans to deliver against our targets are reviewed and discussed together with the impacts that these actions have on customers, performance and financial incentives. As part of the year-end process the YourVoice Chair reports the panel's findings directly to the board. We work with the panel to ensure that performance outcomes are communicated clearly and transparently to customers alongside the main Annual Performance Report in a customer focused summary

Confirmation of key reporting requirements
Corporate governance (Licence condition P3)

United Utilities continues to fully support Ofwat's drive for the highest standards of board leadership, transparency and governance in the industry. United Utilities Group PLC applies the principles and reports against the provisions of the UK Corporate Governance Code (2018) as disclosed most recently in the United Utilities Group PLC 2023/24 Annual Report and Financial Statements.

Ofwat's board leadership, transparency and governance (BLTG) principles came into effect in 2019. These require UUW to meet the objectives of the principles and to explain in an effective, accessible and clear manner how they have done so. The board is satisfied that its current practices and application of the BLTG objectives at regulated company level are entirely consistent with the principles published by Ofwat.

In addition, and as required by licence condition P3, the board has developed a board statement that aims to explain how it is meeting the BLTG objectives in a manner that is effective, accessible and clear. This statement is published on pages 7 to 13 of this year's Annual Performance Report.

Links between directors' pay and standards of performance (Water Industry Act Section 35A)

As required by Section 35A of the Water Industry Act 1991 UUW has published a statement of directors' remuneration and standards of performance, which can be found on pages 156 to 163 of our Annual Performance Report. Included within this statement are details of the arrangements and the remuneration that have been paid or become due during 2023/24 to the directors of the company as a result of arrangements for linking the remuneration of the directors of the company to standards of performance in connection with the carrying out, by the company, of the functions of a relevant undertaker.

Dividends (Licence condition P30)

As of May 2023, appointees are required by licence condition P30 to declare or pay dividends only in accordance with a dividend policy which has been approved by the board and which complies with the following principles:

- That dividends declared or paid will not impair the ability of the appointee to finance the appointed business, taking account of current and future investment needs and financial resilience over the longer term;

Risk and Compliance Statement

- That dividends declared or paid take account of service delivery for customers and the environment over time, including performance levels, and other obligations; and
- That dividends declared or paid reward efficiency and the effective management of risks to the appointed business.

We have an established dividend policy with robust and well-evidenced principles, which complies with the updated licence condition P requirements. Further details on the dividend policy and dividends paid, and how these take account of obligations under the licence (alongside other key principles committed to by the board), is provided on pages 137 to 141 of the Annual Performance Report.

Ring-Fencing Certificate (Licence condition P31)

The directors have issued a 'Ring-Fencing Certificate' (RFC) under paragraph P31 of licence condition P, stating that the company will have available to it: i) sufficient financial resources and facilities; ii) sufficient management resources and systems of planning and; iii) sufficient rights and resources other than financial resources, to enable it to carry out the regulated activities, for at least the next 12 months. This certificate also confirms that all contracts entered into between UUW and any associated company include the necessary provisions and requirements in respect of the standard of service to be supplied to UUW, to ensure that it is able to carry out the regulated activities. The RFC can be found on pages 164 to 165 of our 2023/24 Annual Performance Report. An extract from the board minutes evidencing that the board approved the RFC and delegated authority to sign the certificate to any one director can be found in Appendix 2 on page 271.

Transactions with associated company (Licence condition P19)

The directors of UUW have declared, to the best of their knowledge that: i) every transaction between the appointed business and any associated company is at arm's length, so that neither the appointed business nor the associated company gives a cross-subsidy to the other; and ii) that the appointed business neither gives nor receives any cross-subsidy from any other business or activity of the appointee. Information in respect of transactions between UUW and any other business or activity of the appointee or associated company is set out in Section 2 of our 2023/24 Annual Performance Report.

Maintaining investment grade credit rating (Licence condition P26)

UUW currently has long-term issuer credit ratings of A3/BBB+ with Moody's and S&P, respectively, and a long-term issuer default rating of BBB+ with Fitch, all on stable outlook. Additionally, UUW's current senior unsecured debt ratings are A3/BBB+/A- with Moody's, S&P and Fitch, respectively all on stable outlook. Assuming no significant changes to existing ratings agencies' methodologies or sector risk assessments, UUW aims to maintain long-term issuer credit ratings of at least A3/BBB+ with Moody's and S&P, respectively, and a senior unsecured debt rating for UUW of at least A- with Fitch. UUW's gearing and credit rating targets are subject to periodic review.

Long-term viability statement

As set out in the long-term viability statement on pages 141 to 142 of this Annual Performance Report, the directors have assessed the viability of UUW, taking account of UUW's current position, the potential impact of the principal risks facing the business in severe, but reasonable, scenarios, and the effectiveness of any mitigating actions. This assessment has been performed in the context of UUW's prospects as considered over the longer term. Based on this viability assessment, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the seven-year period to March 2031.

Outcome delivery

Performance against the outcomes and performance commitment targets, set out in the PR19 final determination, is monitored on a monthly basis throughout the business as part of internal company scorecard reporting. Annual and longer-term performance summaries are reported on a regular basis through the year to the UUW board and to the customer challenge group YourVoice.

Full details of the 2023/24 performance against these outcomes is included within Section 1.1 of our 2023/24 Annual Performance Report. Actions that are being undertaken to address any measures where we have not met the target are also set out within the report.

Principles of customer care (condition G)

On 12 February 2024 a revised Condition G was introduced to the UUW licence, and condition J was formally removed. This new package of customer focused licence conditions clarifies the company's responsibilities to keep customers informed, put things right when they go wrong and ensure that the full diversity of customer needs are understood and supported. The board has been kept informed about this update and has reviewed and challenged our approach to meeting the principles set out within condition G. Further details of our approach to condition G can be found in section 1.3 of our 2023/24 Annual Performance Report on pages 100 to 101. This section sets out how we can demonstrate compliance with the condition and the assurance activities which support this. Within this summary we describe our future plans and aspirations to improve compliance and to deliver more.

Compliance with sanctions against Russia and Belarus related to the conflict in Ukraine

Our obligations with regard to the sanctions against Russia and Belarus related to the conflict in Ukraine have been reviewed by Legal, Corporate Audit, Supply Chain and Customer teams. We undertook a series of checks to ensure that we are compliant with sanctions. No material issues or concerns have been identified to date and we will continue to monitor and check against sanctions.

Signed on behalf of the board

Sir David Higgins
Chair

Louise Beardmore
Chief Executive Officer

This statement was approved at a meeting of the board of directors of United Utilities Water Limited on 18 June 2024 and signed off on its behalf by Sir David Higgins, Chair and Louise Beardmore, Chief Executive Officer.

Risk and Compliance Statement

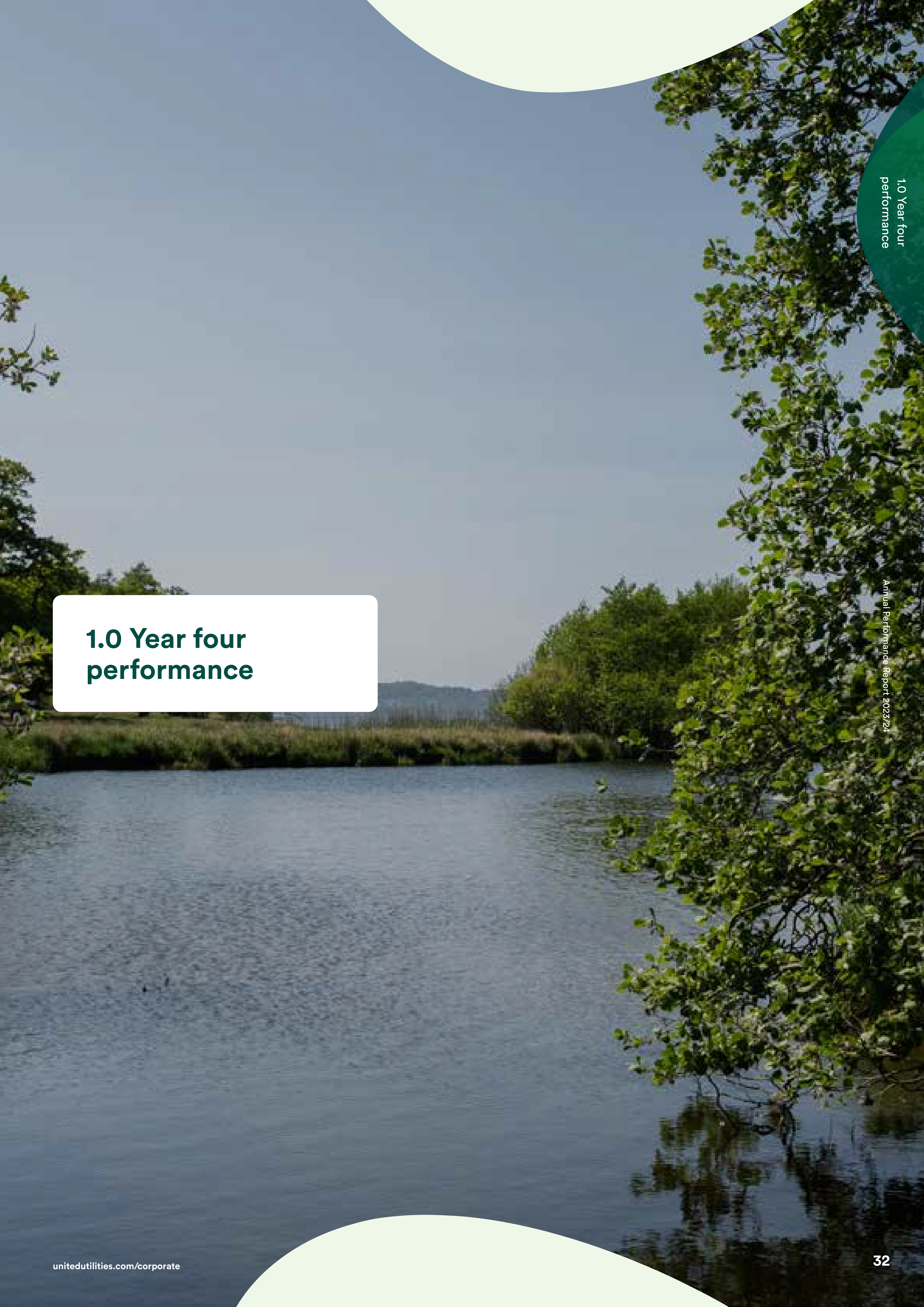
2023/24 departures from the Risk and Compliance Statement

The board considers that the company has applied its processes and internal systems of control in a manner that has enabled it, to the extent that it is able to do so from the facts and matters available to it, to identify material departures from the obligations or exceptions in data accuracy or completeness as set out below:

Description of duty/ obligation	Purpose of duty/ obligation	Reason for departure	Disclosure
Environmental Permitting (England and Wales) Regulations	Compliance with environmental permits	Breach of obligation and compliance with flow to full treatment permit conditions across the water industry is under investigation by Ofwat and the EA.	**Environmental permit conditions** Monitoring compliance with environmental permits is an ongoing process which is embedded in our operating activities. Approaches to monitoring and assessment of compliance risks are subject to continuous improvement through – for example – investments in monitoring and telemetry technologies and enhancements to data analysis. We continue to work with regulators on an ongoing basis to ensure that identified exceptions to existing and evolving methodologies and requirements are understood, investigated and progressed towards resolution on a timely basis. **Environmental permit conditions relating to quality standards** For the year ending December 2023 four treatment works (out of a population of 388 with relevant permits) have been classified as failing their environmental permit due to not achieving the quality standards required from their discharges. The failing works are associated with Operator Self-Monitoring (OSM) sample failures during 2023. This element of compliance is reported within the Environment Agency's Environment Performance Assessment (EPA) % discharge compliance and this performance will result in an overall discharge permit compliance score of 99.0 %, which is classed green (achieving standard). **Environmental permit conditions relating to flow to full treatment (FFT) standards** As part of the National Environment Plan, a programme of work is underway across the industry to improve measurement of flow to full treatment compliance through use of U_MON3 (spill to storm) and U_MON4 (instantaneous flow) monitors. This rollout is ongoing and is part of the water industry national environment programme (WINEP) requirements and will allow monitoring to take place in line with a new compliance methodology for FFT issued by the Environment Agency. UUW is on track to install these monitors in line with the delivery plan agreed with the EA and as the monitors are brought into service, they are issued a certificate of conformance, and we are monitoring flow using the new equipment in line with the EA's methodology. Monitors also require a certificate of accuracy from an independent, accredited company (under the Environment Agency's MCERT scheme). As this type of monitoring is so new, the certification standards were only issued by the Environment Agency during 2022 leading to a national backlog of certification activity for the MCERT companies. We anticipate that all UUW devices will be able to receive certification and we are working with the MCERT companies to progress the certification process. To date we have installed 129 out of 177 U_MON4 and U_MON3 devices and installations. 73 of these sites also have pass forward flow (PFF) MCERTS certificates for the U_MON4. A further 94 installations will need to be delivered in AMP8 by 31 December 2026. Some 250 of the U_MON4 devices will also be upgraded so that each can record two minute monitoring and U_MON3 devices will be subject to MCERTS certification during AMP8. As the roll out of U_MON3 and U_MON4 devices progresses through AMP7 and the monitors are certified as accurate, we are in a period of transition whereby sites with available data from the new devices are assessed for FFT compliance, using the new Environment Agency methodology. We are working with the Environment Agency to develop performance reporting mechanisms and other processes, for example, how to handle missing data, before FFT compliance formally becomes part of the Environmental Performance Assessment in 2025. In the absence of these monitors across all sites, our historic approach to assessing flow to full treatment seeks to identify risks of non-compliance at our treatment works and then to undertake investigations and actions to remove or reduce the risk of non-compliance. In 2023 we reported a total of 16 sites. During 2023, ten of these sites have been resolved, the remaining six have action plans to be resolved by mid-2024. A further ten were identified at year end which have action plans developed and are expected to be resolved by December 2024.

Risk and Compliance Statement

Description of duty/ obligation	Purpose of duty/ obligation	Reason for departure	Disclosure
Water Resources Act	Compliance with permit	Breach of obligation and compliance with Section 24(1)(a) of the Water Resources Act 1991	UUW was charged with over abstracting water between 1 January 2017 and 31 December 2019 from Franklaw and Broughton Boreholes Complex other than in accordance with the provisions of the relevant abstraction licences contrary to Section 24 (1)(a). We abstract water from the Franklaw and Broughton Boreholes complex to provide a public water supply. The case concerns five abstraction licences in relation to the complex. These licences permit the abstraction of groundwater for the Fylde Aquifer. The licences require the submission of abstraction returns data, setting out the volumes of water taken, annually. The five licences also share a joint aggregate condition which limits the volumes of water abstracted from this group over a rolling three year period. Although abstractions fell within the annual limits between 2014 and 2018, the abstraction over the rolling three year period to 2018 was above the joint aggregate limit. The over abstraction occurred due to an error in process in identifying the three yearly abstraction volume. Once UUW became aware of the breach, the matter was reported to the Environment Agency. On 15 August 2023 UUW was fined £800,000 and ordered to pay Environment Agency costs. UUW also made a voluntary contribution of £3 million to local environmental improvement projects with the Rivers Trusts.
UUW Instrument of Appointment (licence) Condition L	Condition L (Underground asset management plans) creates obligations regarding the preparation, review and revision of underground asset management plans	Legacy licence condition does not reflect current practice	Changes to the regulatory approach mean that these legacy licence requirements are no longer active. Our plans for wastewater underground assets are now developed through Drainage and Wastewater Management Plans (DWMP) and for water through Water Resources Management Plans (WRMP). Due to the size and inaccessibility of our underground asset base, we use operational data and modelling tools such as Pioneer to estimate asset condition and future deterioration. This data is then used to underpin our long-term 25-year adaptive plans and our regulatory submissions, such as the DWI Long Term Plan. **Our DWMP sets out our long-term approach for delivering sustainable drainage and wastewater management across the North West. Details of our DWMP can be found on our corporate website at:** **unitedutilities.com/corporate/about-us/our-future-plans/our-long-term-plans** **Details of our WRMP can be found on our corporate website at:** **unitedutilities.com/corporate/about-us/our-future-plans/water-resources/water-resources-management-plan**
Water Industry Act 1991 Information provisions	Water Industry Act Section 199 places an obligation on wastewater companies to maintain maps of its sewers	Legacy licence condition does not reflect current practice	Although a high proportion of our sewers are mapped, in common with all other wastewater companies in England and Wales, not all our sewers are mapped because the cost of doing so is widely agreed to be uneconomic. We actively and regularly update our sewer records to reflect any changes found in sewer location or attributes. We remain committed to working to continually enhance the quality of our records and where we find inaccuracies or omissions we will continue to quickly update our sewer maps.
Water Industry Act 1991	Breach of obligation	S182 Water Industry Act 1999 places an obligation on companies to consult before and in the course of exercising its powers under S159 and S161 and to act reasonably so as not to cause loss, damage or inconvenience. A failure to comply with the Code of Practice to work of private land was raised under WIA S181	An investigation by Ofwat following a complaint raised under S181 of the Water Industry Act determined that we had adequately notified the land owner about planned activities but did not specifically consult about the size and level of above ground surface apparatus on the land during the Works. Ofwat concluded that UUW should make a compensation payment of £500 in recognition of this. Following this determination, the Company's 'Code of Practice for Pipe laying Works in private land' has been re-briefed out and additional training packages are being introduced for relevant teams to raise awareness and compliance.



1.0 Year four performance

1.0 Year four performance

Introduction and coverage

This section of the Annual Performance Report sets out how we have performed in year four of AMP7 against the service, expenditure and revenue expectations set in the 2019 price review. Year four is the period from 1 April 2023 to 31 March 2024. This year we present this as six sections:

- 1.1 Outcome delivery – how we have performed against the performance commitments set in our AMP7 final determination
- 1.2 Greenhouse gas emissions – our 2023/24 greenhouse gas (GHG) performance
- 1.3 Principles of Customer Care – our approach to the new licence condition G
- 1.4 Wholesale totex – how our actual spend compares to the totex allowances set out in our AMP7 final determination
- 1.5 Wholesale revenue and current cost financial performance – how our actual revenues compare to the level of wholesale revenue assumed in our AMP7 final determination
- 1.6 Retail expenditure and revenues – how our actual retail revenues compare to the allowances set out in our AMP7 final determination

Section 2 of this document comprises the UUW Regulatory accounts for 2023/24. This contains financial and operating information required by Ofwat through both the accounting document and a series of pro forma tables.

A document which sets out our Green Recovery programme is available on our website at: unitedutilities.com/globalassets/documents/pdf/green-recovery-2024

1.1 Outcome delivery – Introduction to performance commitments and ODIs

The outcome of a price review is a defined price and service package that companies are tasked to deliver for customers, the environment and other stakeholders. Delivery of service is described through a series of customer focused outcomes, which, in turn, are supported by more granular performance commitments.

We routinely report performance against these outcomes and performance commitments to customers, stakeholders and regulators, including to the YourVoice customer and stakeholder panel.

Having performance information that is easy to understand and navigate allows customers and other stakeholders to challenge water and sewerage companies on their performance and encourages delivery of better levels of service. This helps everyone build trust and confidence.

We have committed to seven outcomes for the AMP7 period (2020–2025):

- Your drinking water is safe and clean;
- You have a reliable supply of water now and in the future;
- The natural environment is protected and improved in the way we deliver our services;
- You're highly satisfied with our service and find it easy to do business with us;
- We will improve the way we work to keep bills down and improve services for you and future customers;
- We collect and recycle your wastewater; and
- The risk of sewer flooding for homes and businesses is reduced.

The outcomes section of this document sets out our performance against each of the seven outcomes and provides a summary of each of the individual component performance commitments detailing the definition, targets, commentary on the performance for year four of the AMP and the financial implications of the performance that we have achieved.

Performance commitments

Underpinning each outcome is a set of performance commitments. These are service targets for specific types of activities that we are tasked with delivering. If we achieve or outperform against these targets, then this supports the delivery of outcomes for customers, the environment and other stakeholders. Performance commitments are designed to be stretching and deliver an improved level of performance for customers and stakeholders compared to the levels achieved in the past.

There are 15 performance commitments that are being applied to all water and sewerage companies during AMP7. These are 'common measures' and each has a standard definition set by Ofwat. These common measures are then supplemented by 'bespoke' performance commitments, which reflect additional levels of service or focus for investment that are specific to each company's customers.

We need to deliver against the performance commitments set out in the AMP7 final determination, comprising the 15 common measures and 32 bespoke measures that are specific to United Utilities. During year four it was agreed with Ofwat to introduce an additional performance commitment relating to the provision of the Haweswater Aqueduct Resilience Programme (HARP) by way of direct procurement for customers. This is described in more detail on page 79.

We have published a suite of definition documents. These are technical documents that outline each of our performance commitments explaining our method, detailing targets and explaining any assumptions and calculations.

Further details can be found on our website at: unitedutilities.com/globalassets/z_corporate-site/about-us-pdfs/business-plan/amp7-performance-commitments-and-outcome-delivery-incentives---definition-document.pdf

These technical documents outline each of our performance commitments explaining our method, detailing targets and explaining any assumptions and calculations.

Further details on our performance commitments can be found in Section 1.1. We have published a high level summary of our performance which can be found on our website at: unitedutilities.com/globalassets/documents/pdf/apr-2023-24-customer-summary

Customers can quickly and easily see how this performance compares to other water companies using the industry's comparison dashboard called 'Discover Water' at the following website www.discoverwater.co.uk

Outcome delivery incentives (ODIs)

Outcome delivery incentives or 'ODIs', are incentives that apply to performance commitments. There are four types of outcome delivery incentive that can apply to performance commitments. These are:

Underperformance only – This is a financially driven incentive. When performance is worse than the target or deadband level, this results in an underperformance payment.

Outperformance only – This is a financially driven incentive. When performance is better than the target or deadband level, this results in an outperformance payment.

Underperformance and outperformance – This is a financially driven set of incentives. Underperformance payments are incurred when performance is worse than the target or deadband level, whereas outperformance payments apply when performance is better than the target or deadband level.

Non-financial – This is an incentive driven by reputation only. Poor performance could cause reputational damage but good performance could enhance our reputation, but no direct financial incentives are applied. Of our 47 performance commitments,

1.0 Year four performance

40 have a financial incentive. The other seven performance commitments do not have a financial incentive and are therefore driven by reputation only.

Some ODIs have an outperformance cap or underperformance collar. Beyond this point, no further incentive is applied.

Some performance commitments include a deadband. This is a narrow range of performance above and/or below the target level within which the company can operate without being subject to financial incentives. For measures without a deadband, any incentive applies as soon as our performance is above or below the target level for the performance commitment.

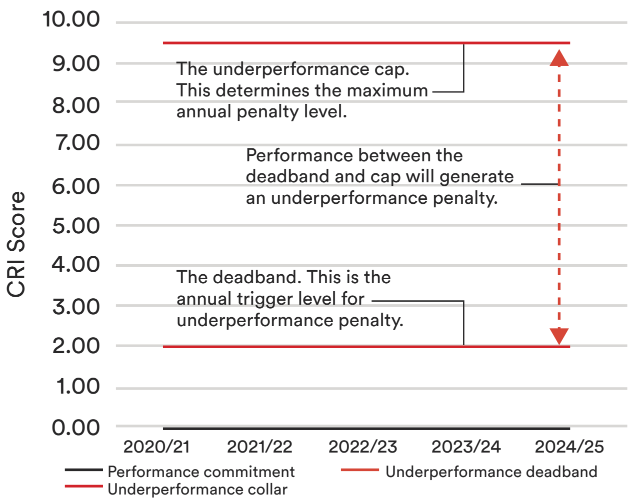
Most ODIs are applied on an annual basis during the AMP. These are referred to as 'in-period' incentives. Some ODIs, however, are applied only at the end of the AMP. These are known as 'end of period' incentives.

Examples of how performance commitments and ODIs work

Example one – water quality compliance (CRI)

Water quality compliance is a common industry measure, which supports our 'Your drinking water is safe and clean' outcome. This measure is subject to a financial incentive, which means we incur a financial penalty if we underperform against the target beyond a deadband. There is no outperformance incentive so it is not possible for us to earn an outperformance payment for meeting or beating the target. The lower our score is on CRI, the better our performance is against this measure and we are incentivised to deliver a CRI score as low as possible.

As you can see in the diagram below, this measure has a performance commitment, a deadband and an underperformance collar. If the annual company performance is between the performance commitment and deadband level, no financial incentive is applied. However, for any annual performance in between the deadband and the collar, the financial incentive rate will be applied.

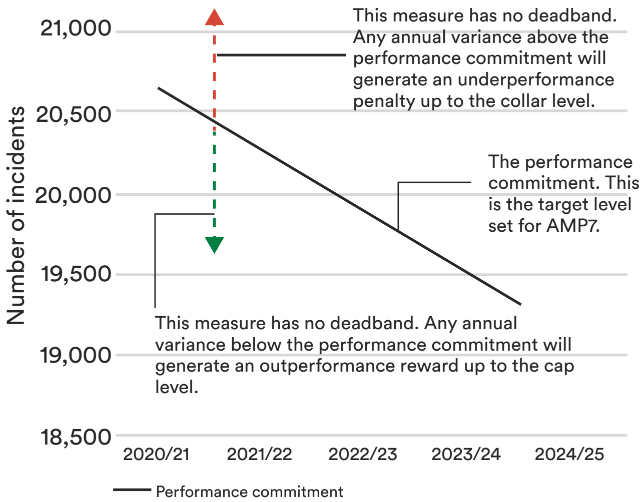


Example two – sewer blockages

Sewer blockages is a bespoke measure that supports our 'We collect and recycle your wastewater' outcome. This measure is subject to financial incentives for either underperformance or outperformance of the target. The lower the number of blockages recorded, the better our performance is against this measure and we are incentivised to deliver as low a number as possible.

As you can see in the following diagram, this measure has a performance commitment, outperformance cap, underperformance collar but no deadband.

If the annual company performance is better than the performance commitment level, a set financial incentive rate would be applied and the company would earn a financial incentive for outperforming the target. If the annual company performance is worse than the performance commitment level, then a set financial incentive rate would be applied and the company would be subject to an underperformance payment.



Models

We have calculated our outperformance and underperformance incentive payments using Ofwat's ODI model and input these values into the in-period adjustments model. We have submitted a copy of both the ODI and in-period adjustment models to Ofwat. A summary of the model outputs can be found on page 89 along with a description of the impact that this will have on customer bills. We have three non standard calculations for abstraction incentive mechanism (C03), Recycling Biosolids (C09) and better air quality (C10). The calculations to derive any outperformance or underperformance payments for these non standard performance commitments are outlined in Appendix 3.

Assurance

We have a well established assurance framework that we apply to our regulatory reporting submissions. We have followed this framework in assuring the data and information that supports the Annual Performance Report, supporting information and our submission for an in-period adjustment reflecting our ODI performance.

Any specific assurance requirements identified in the PR19 final determination outcomes performance index are outlined in Appendix 1 in this document. This section identifies any areas of deviation from the common methodologies.

Further details of our AMP7 assurance framework can be found on our corporate website at: unitedutilities.com/corporate/about-us/performance/assuring-our-performance-2020-25 and in Appendix 1 of our 2023/24 APR.

Performance summary

A summary of our net performance for year four can be found on pages 35 to 90 of the outcomes section.

Bill impacts

The overall bill impact of this performance can be found on page 92 of the outcomes section.

1.1 Outcome delivery

Your drinking water is safe and clean

Customers want a reliable supply of high quality water that they trust. To deliver this outcome we will continue to ensure water quality is at the heart of our decision making, achieving a significant reduction in water quality events and an improvement in the aesthetic parameters that impact customers' perceptions of water quality. Our water quality vision is 100 per cent compliance with current and future drinking water quality standards, providing a reliable supply of safe, clean drinking water for future generations.

How have we done?

We have passed four out of five performance commitments that support this outcome. In year four, we have earned a net outperformance payment of £20.880 million.

Based on the provisional score calculated by the Drinking Water Inspectorate (DWI), we have not met our performance commitment for water quality compliance (CRI) achieving 5.92 against a target of 0.00. In 2023, there has remained a low number of infringements at Water Treatment Works (WTW). However, one of the infringements was at a strategic WTW with an existing notice. Based on the volume of water produced by the WTW, alongside the existing notice, this single infringement has had a significant impact on the CRI score.

Our Water Quality First programme, which is being delivered throughout AMP7, aims to deliver improvements that will provide our customers with industry leading water quality. In recognition of the improvements delivered, last year the Drinking Water Inspectorate confirmed that we were no longer in transformation with regards to our drinking water quality performance.

We met our performance commitment for reducing water quality contacts due to taste, smell and appearance this year. The Water Quality First programme is having a measurable benefit and we continue to see significant reductions in the number of customer contacts for taste, smell and appearance of drinking water.

Our programme of lead service pipe replacements has reduced lead risk at 3,842 properties during the year. This exceeded our performance commitment of 750 properties.

We have been successful in increasing customer awareness of how they can look after water in the home. We are using a multi-channel approach with a particular emphasis on radio advertising, sponsorship and direct communications (email and text) underpinned by the consistent use of local TV weather sponsorship.

Work has commenced to reduce the risk of discolouration of water from the Vyrnwy treated water aqueduct. Over the past year, we have cleaned or relined 35.19km of the aqueduct.

Performance commitment	Actual performance Year four	Impact	Value (£m)
A01 – Water quality compliance (CRI)	5.92	Underperformance payment	-4.410
A02 – Contacts for taste, smell and appearance	13.2	Outperformance payment	0.623
A03 – Number of properties with lead risk reduced	3,842	Outperformance payment	3.463
A04 – Helping customers look after water in their home	34.3	Outperformance payment	1.920
A05 – Discolouration from the Vyrnwy Aqueduct	35.19	Outperformance payment	19.284
Your drinking water is safe and clean net position	4/5 achieved		20.880

1.1 Outcome delivery

A01

Water Quality Compliance (CRI)

Performance commitment description

The compliance risk index (CRI) is an industry common measure of drinking water quality that has been defined by the water quality regulator, the Drinking Water Inspectorate (DWI). Performance against this measure is calculated by the DWI and reported on a calendar year basis. The performance reported below therefore relates to the calendar year 2023 and is based on the provisional score calculated by the DWI. A score is calculated for every water quality compliance failure at water supply zones (WSZ), supply points, treatment works (WTW) and service reservoirs. When scoring the compliance failure, the DWI considers the standard failed, the impact on customers and the response of the company to the failure. If a compliance failure occurs in a Water Supply Zone, water treatment works or service reservoir which has an associated improvement notice, the CRI score will be increased. A notice can be issued by the DWI following a water quality failure if the Inspectorate considers that there is a risk of further failure and specifies improvement actions that need to be undertaken. The annual CRI score is the sum of the individual CRI scores for every compliance failure reported during the calendar year.

Performance commentary

We have not met the performance commitment this year. CRI is heavily influenced by failures at larger assets and those with existing notices or undertakings. In 2023, there has been a low number of compliance failures at WTW. However, one of the failures was at a strategic WTW with an existing notice. Based on the volume of water produced by this WTW, alongside the existing notice, this single failure has had a significant impact on the CRI score, contributing a score of 2.5 out of the total score of 5.92. For this measure, the target score is zero with a penalty deadband of two points. The DWI will confirm the final CRI score in July 2024. The performance published in this report is based on the provisional figure provided by the DWI.

Although we have not met the target level this year, we have continued efforts to deliver a good performance opposite the stretching CRI target. Our Water Quality First programme, which launched in 2021, is being delivered throughout AMP7, with the aim of delivering improvements that will provide our customers with industry leading water quality through addressing processes, assets and culture. Early in 2023, in recognition of the improvements delivered the Drinking Water Inspectorate confirmed that we were no longer subject to a transformation programme with regards to our drinking water quality performance.

This programme is delivering improvement programmes focused on a number of key areas, such as our innovative hazard risk assessment reviews for treatment (HAZREV) and for network (NETREV), which provide a consistent, structured, multi-disciplinary, end-to-end process review of risks and issues. We continue a robust inspection and cleaning programme at service reservoirs, an increased focus on the source to tap strategy to reduce the risk of discolouration and a comprehensive 'people' plan to ensure everyone understands their role with regards to water quality and are adequately trained and competent.

We have continued to complete significant flushing activities across a large number of district metered areas during 2023 and are confident this approach will help reduce the number of consumer contact received and metals infringement in WSZs for aluminium, iron and manganese. We have completed a range of water quality foundation talks involving our network field teams to raise water quality awareness, which has driven a reduction in the risk of discolouration and we expect to see this materialise in a reduced number of network infringements in subsequent years.

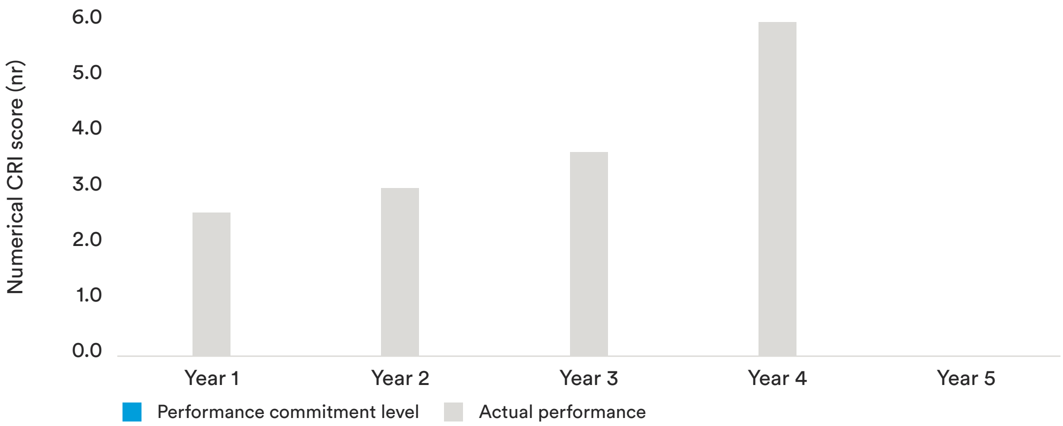
Financial implications

This performance commitment is subject to an outcome delivery incentive for underperformance only. In year four, we have failed our target and incur an underperformance payment of £4.410 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Water quality compliance' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Performance	Pass/Fail
One	2020	0.00	2.58	Fail
Two	2021	0.00	3.02	Fail
Three	2022	0.00	3.67	Fail
Four	2023	0.00	5.92[1]	Fail

(1) The DWI will confirm the final CRI score in July.

A02

Reducing water quality contacts due to taste, smell and appearance

Performance commitment description

The definition for this measure is set by the Drinking Water Inspectorate (DWI) and reported on a calendar year basis. The performance reported below therefore relates to the calendar year 2023. This measure counts the number of times customers contact us due to the taste, smell or appearance of their drinking water. Customer contacts include those made by phone, letter, email, in person, completion of web forms, social media or messages left on a helpline. The number is reported as the number of contacts per 10,000 population.

Performance commentary

We have met our performance commitment target for year four. The target this year was 13.5 contacts per 10,000 population and we achieved 13.2. Compared with performance in the previous year, we have seen a reduction in taste, smell and appearance contacts of over 6 per cent. We have seen an improvement in the number of contacts associated with the appearance of drinking water, with the ongoing focus on our mains flushing programme.

We continue to deliver a comprehensive programme of activity to improve performance that is monitored through the Taste, Smell and Appearance Board. The programme includes a number of short, medium and long-term actions to help us improve the way we run our water treatment works and network to provide better service to customers and provide more proactive and targeted information to customers through our website or directly to them via their preferred channel.

We have continued with our mains flushing activities and carried out work in 930 District Meter Areas (DMAs), covering 89 per cent of our water supply zones. We ensure our water teams have the right technical knowledge to effectively fulfil their role. Consistent and high standards across all teams are achieved by competency reviews, assessment of existing knowledge and targeted training.

We are driving improved taste and odour performance by driving greater consistency of chlorine dosing to reduce variations in the network. Risk assessments have been revised to provide an increased focus on the impact of water quality following changes in sources and enhanced communications with customers to reduce the risk of customer contacts during source water changes.

We continue to embed our taste and odour management plans at all high-risk water treatment works to reduce the potential for taste and odour contacts. 2 Methylisoborneal (MIB) and geosmin are naturally occurring substances produced by algae found in lakes, rivers, streams and reservoirs that can sometimes cause an earthy or musty taste or smell. Implementing our management plans has enabled better optimisation of treatment, or enabled proactive outages of our water treatment works during periods of elevated geosmin in the raw water, reducing the likelihood of future customer contacts.

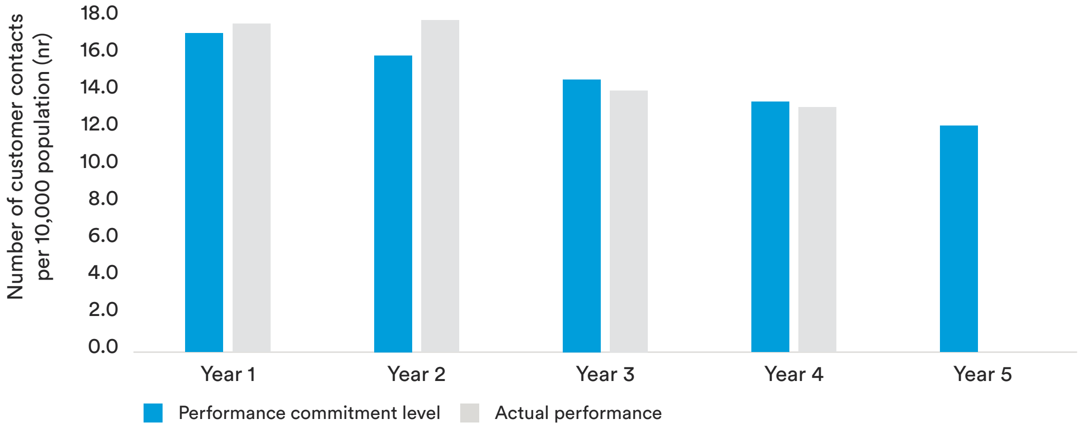
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we achieved our target. Our performance means that we earn an outperformance payment of £0.623 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Reducing water quality contacts due to taste, smell and appearance' performance – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020	17.2	17.7	Fail
Two	2021	16.0	17.9	Fail
Three	2022	14.7	14.1	Pass
Four	2023	13.5	13.2	Pass

1.1 Outcome delivery

A03

Number of properties with lead risk reduced

Performance commitment description

This measure incentivises complete lead service pipe replacements in order to reduce the level of customer exposure to lead. The measure is defined as the number of complete lead service pipe replacements delivered in the year. We are reporting this measure in line with the performance commitment definition and no replacements completed under the previous replacing lead and common supply pipe (LCSP) scheme have been counted in our reporting for this performance commitment. To qualify the replacement must fall into one of three categories:

- any property that has a full service pipe replacement from the water main to the first incoming tap;
- any property that has either its communication pipe or supply pipe replaced where the remainder of the service pipe is confirmed to already not be lead (excluding those funded through the LCSP scheme[(1)]); or
- pipes for which the long-term lead health risk is removed through the use of innovative techniques developed in the future and approved by the DWI.

Performance commentary

Delivery for this measure commenced in year two. In year four, we reduced lead risk at 3,842 properties which was better than our target of 750. We continue to provide information about lead pipes and promote lead replacement on our website. Uptake from customers for lead replacement remains high.

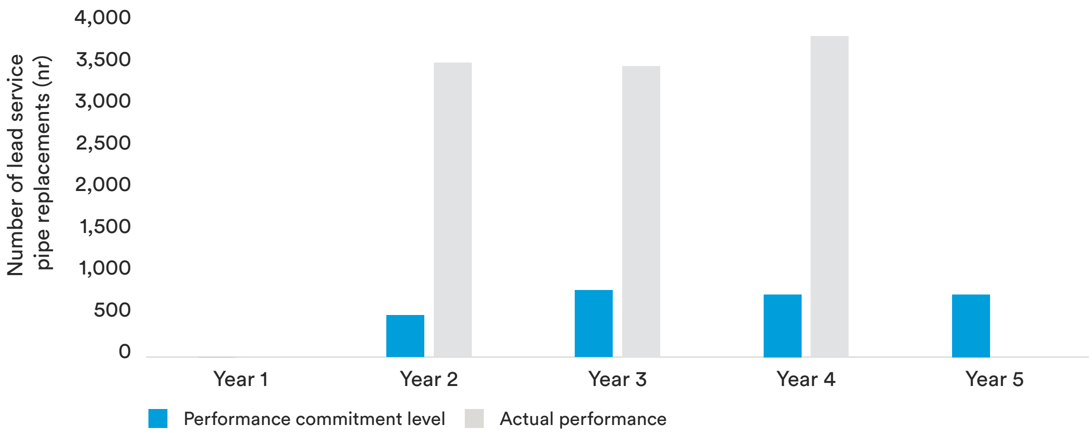
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £3.463m million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Number of properties with lead risk reduced' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	0	Pass
Two	2021/22	500	3,525	Pass
Three	2022/23	800	3,487	Pass
Four	2023/24	750	3,842	Pass

(1) In April 2021 the LCSP scheme was replaced by the Lead Replacement Scheme. The new scheme provides a grant to the customer which helps towards the cost of replacing the lead pipe in their ownership. We include these replacements towards our target.

1.1 Outcome delivery

A04

Helping customers look after water in their home

Performance commitment description

This measure incentivises us to raise customer awareness of the actions that they can take to be more water efficient and prevent water quality deterioration in their home. We measure performance against a baseline level awareness of 19.5 per cent, based on a survey of customers in 2018. Targeted communication on water quality and water efficiency within homes is used in order to improve awareness on these issues. Repeat surveys, using a consistent question set, will measure performance through to 2025.

Performance summary

We have exceeded our performance commitment this year, achieving an overall level of awareness of 53.8 per cent, which is 34.3 per cent above the baseline position. Our target was to be 8.0 per cent above the baseline.

We are using a multi-channel approach with a particular emphasis on radio advertising and sponsorship, social and digital media and direct communications (email and text) underpinned by the consistent use of ITV weather sponsorship in both the Granada and Border regions. This means we can reach just under 90 per cent of adults across the North West with targeted messaging relating to water efficiency and use. This multi-media approach allows us to reach a wide range of our customers across the North West. We can tailor our messaging throughout the year to match seasonal changes that may impact on the services we provide.

For water efficiency, our activities complement those for per capita consumption. Meter data analysis has helped us target direct communication to high consumers with the aim of encouraging efficient water use behaviours; meter data analysis has helped us identify customers who may have a leak on their property, providing them with possible reasons and advice on fixes. In addition, we have delivered a water efficiency home-audit programme which provides water efficiency advice, opportunity to fit devices and identification of leak locations for remedial action.

For water quality in the home, our focus remains on increasing customer awareness of potential discolouration events (e.g. due to planned maintenance) and how these can be managed in the home. We use a number of channels to raise awareness, including carding properties, emails, text alerts and voice blasts. We continue to provide water in the home hygiene advice and guidance associated with tap cleanliness and the type of taps installed around the home. Water Quality Officers and water network teams are equipped with leaflets to give to customers covering water quality, discoloured water, tap hygiene and water efficiency.

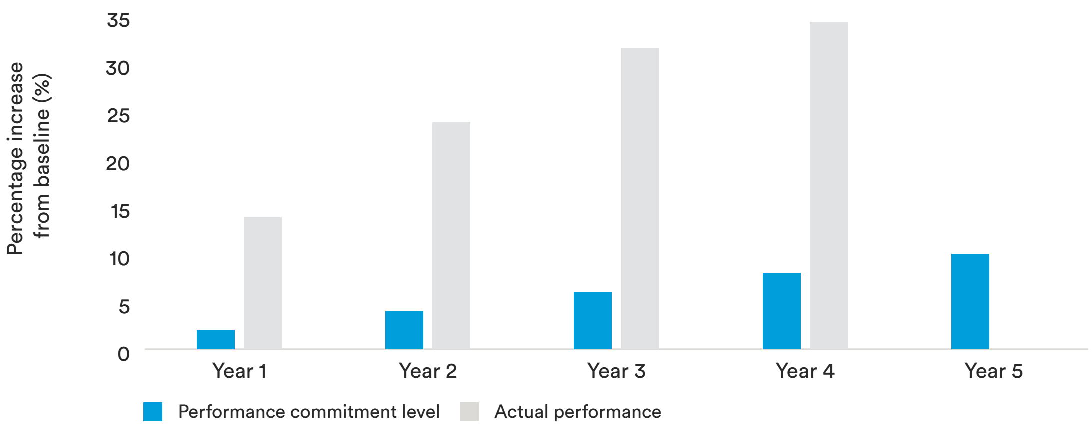
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £1.920 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the ‘Helping customers look after water in their home’ performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	2.0%	13.8%	Pass
Two	2021/22	4.0%	23.8%	Pass
Three	2022/23	6.0%	31.6%	Pass
Four	2023/24	8.0%	34.3%	Pass

A05

Reducing discolouration from the Vyrnwy treated water aqueduct

Performance commitment description

This measure records the length of the Vyrnwy treated water aqueduct cleaned or relined, if required by the DWI to meet the target for reduction in water discolouration. It is measured by the number of kilometres (km) where work is delivered.

The performance commitment is set at zero on the basis that there was no requirement at the outset of AMP7 to undertake cleaning/relining of the aqueduct. The performance commitment was put in place to facilitate the cleaning/relining work if it became a DWI requirement.

Performance summary

In September 2020, the DWI confirmed that work on cleaning/relining the aqueduct would need to occur by 31 December 2028.

Since 1892, the aqueduct has transported water from Lake Vyrnwy in Wales to customers across Cheshire, Merseyside and the North West. It is made up of three parallel pipelines, one metre in diameter, with a combined length of 110km.

Over the past year, we have commenced delivery of this work and have cleaned or relined 35.19km of the aqueduct.

Financial implications

This performance commitment is subject to outcome delivery incentives for outperformance only. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £19.284 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Reducing discolouration from the Vyrnwy treated water aqueduct' performance commitment

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0.00	0.00	Pass
Two	2021/22	0.00	0.00	Pass
Three	2022/23	0.00	0.00	Pass
Four	2023/24	0.00	35.19	Pass

1.1 Outcome delivery

You have a reliable supply of water now and in the future

Customers want to rely on us to provide enough water resources to meet our current and future needs. We want to improve supply reliability, reducing both short-term interruptions and the risk of longer-term interruptions. We are targeting a reduction in leakage and encouraging water efficiency, which research has shown to be key priorities for customers.

How have we done?

We have passed or are on track to deliver eight out of 11 performance commitments, which support this outcome. In year four, we have earned a net outperformance payment of £4.608 million.

Whilst we have failed to meet our target on our water supply interruptions measure, we have shown considerable improvement on the previous year. We continue to put a significant focus on minimising interruptions to supply through faster incident response, provision of alternative supplies and innovative repair techniques.

We have achieved our leakage target for the 18th year running. The amount of water lost from our network is at the lowest ever three-year average reported in the North West.

We are working with our teams and suppliers to ensure we are appropriately targeting leak detection and implementing leak size prioritisation to ensure the highest priority leaks are addressed first and more leaks are fixed overall.

We have outperformed our mains repair performance commitment and continue to optimise pressure across the water network as this helps to support leakage reduction and an associated reduction in mains repairs.

We met or exceeded the performance commitment for three out of four resilience measures – Drought risk resilience, Water service resilience and Keeping our reservoirs resilient. We did not meet our delivery date of May 2023 for submission of the Manchester and Pennine resilience final business case, reflecting the scale and complexity of the project and related contracting arrangements.

We have outperformed our year four target on reducing the number of properties experiencing low pressure. We have reduced the number of properties that experience low pressure to deliver a performance of 0.361 customers receiving low pressure/poor supply per 10,000 connected properties which is better than the target of 0.620.

Although we have not achieved the target PCC reduction this year, we achieved a reduction in PCC compared to the prior year. Our performance is 2.5 per cent lower than the three-year baseline level of performance. We have continued to focus efforts on a strategy aimed at increasing meter penetration, supported by a communications campaign to encourage customers to be more efficient in water use around the home and in the garden.

We have outperformed our target on unplanned outages. We continue to prioritise interventions before assets fail to minimise outage duration.

The Thirlmere transfer to West Cumbria project has been completed, securing long-term water supply for the West Cumbria area, whilst continuing to meet our environmental obligations.

Performance commitment	Actual performance	Impact	Value (£m)
	Year four		
B01 – Leakage	7.1	Outperformance payment	0.350
B02 – Mains repair	105.7	Outperformance payment	1.214
B03 – Reducing interruptions to water supply	00:09:39	Underperformance payment	-4.000
B04 – Unplanned outage	2.05	–	–
B05 – Per capita consumption [(1)]	2.5	–	–
B06 – Drought risk resilience	0.0	Reputational	–
B07 – Reducing areas of low water pressure	0.361	Outperformance payment	0.089
B08 – Water service resilience	3,249	Outperformance payment	6.955
B09 – Manchester and Pennine resilience	Not achieved	–	–
B10 – Keeping reservoirs resilient	3.61895	–	–
B11 – Thirlmere transfer into West Cumbria (AMP7)	100	–	–
You have a reliable water supply now and in the future net position	8/11 achieved		4.608

(1) PCC is now an 'end of period' incentive arrangement.

1.1 Outcome delivery

B01

Leakage

Performance commitment description

This is an industry common measure based on the percentage reduction in water lost to leakage compared to our 447.1 Ml/d baseline. The measure is calculated based on three-year averages and the baseline is the three-year average of the leakage performance reported in 2017/18, 2018/19 and 2019/20. This year's leakage performance has been calculated using the average performance from 2021/22, 2022/23 and 2023/24. This is in line with Ofwat's AMP7 methodology.

Performance summary

We have achieved our leakage target for the 18th year running. Annual leakage was 408.6 Ml/d and the three-year average leakage was 415.2 Ml/d, a 7.1% reduction against the baseline. The amount of water lost from our network is at the lowest ever three-year average reported in the North West.

Weather during the year has brought challenges, with dry weather in the early summer and then shifting suddenly to a prolonged period of heavy rainfall over autumn and into winter, followed by two sharp freeze-thaw events in the middle of winter (one in December 2023 and one in January 2024).

Following the freeze-thaw events, we saw increases in night flows across a vast proportion of our district metered areas (DMAs), as many of these returned to normal without UUW intervention; this points to the potential for additional customer-side/private leakage. We continue to work with our water efficiency team to better understand and resolve these issues.

We are working with our teams and suppliers to ensure we are appropriately targeting leak detection and implementing leak size prioritisation to ensure the highest priority leaks are addressed first and more leaks are fixed overall. Our leakage programme focuses on other activities such as leak prevention through optimised pressure management and leak prediction using advanced analytics to maximise leakage performance improvements.

To help achieve our challenging leakage target in 2024/25, we have enhanced this programme and established a task team to identify and deliver additional activities. As well as the effective management of freeze-thaw events (including preparation, organisation and decision making with appropriate governance) and delivery of leakage recovery, the task team will focus on:

- driving continuous improvements across the region to achieve leakage reduction;
- people, system and process improvements across the system;
- the embedment of lessons learnt into operational teams;
- the management, implementation and embedment of innovative pilots/trials and new operational ways of working;
- providing support for the wider water demand reduction programme.

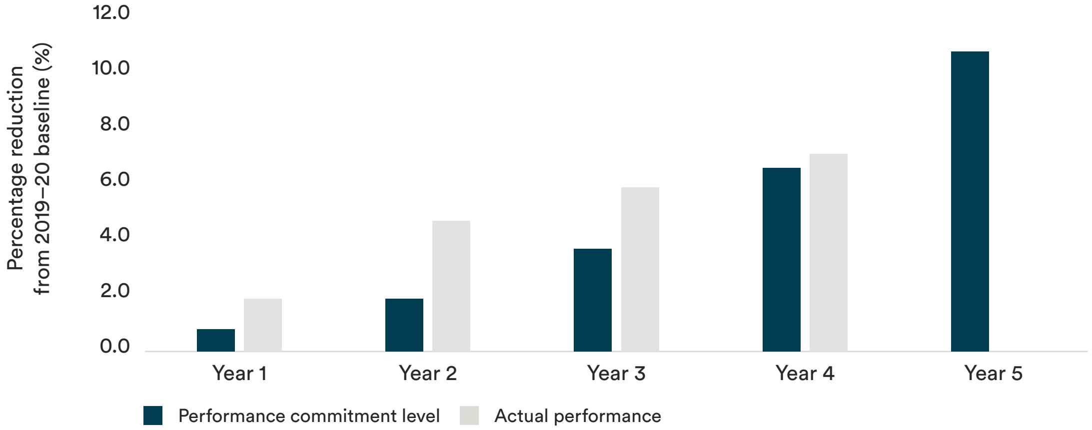
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we performed better than our target. Our performance means that we earn an outperformance payment of £0.350 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Leakage' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0.8%	1.9%	Pass
Two	2021/22	1.9%	4.7%	Pass
Three	2022/23	3.7%	5.9%	Pass
Four	2023/24	6.6%	7.1 %	Pass

B02

Mains repair

Performance commitment description

This is an industry common measure reported as the number of physical mains repairs completed per 1,000km of total length of mains. The total length of mains includes all pipes conveying treated water except communication pipes and supply pipes. We revised our reporting rules regarding repairs on repairs in line with the clarification provided by Ofwat in the 2020/21 in-period determination.

Performance summary

We have outperformed our performance commitment for the fourth year running. In year four, we recorded a total of 4,550 mains repairs, which when normalised by 1,000km mains length, equates to a performance level of 105.7. This is better than our performance commitment target of 114.9 per 1,000km of mains. We have seen a 5 per cent reduction in the number of mains repairs compared to the previous year. Our focus remains on optimising pressure across the water network, in addition to improving resilience, to reduce the number of main repairs. This approach will continue to support our leakage reduction programme.

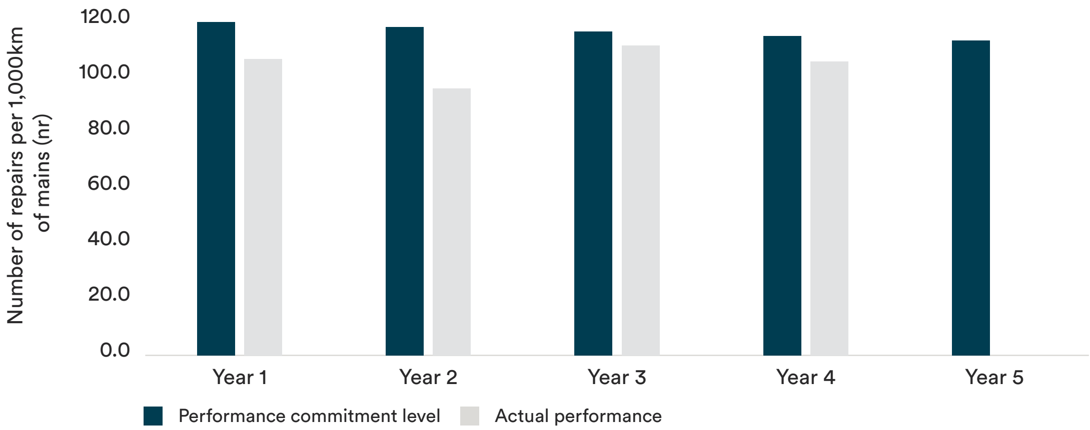
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we performed better than our target. Our performance means that we earn an outperformance payment of £1.214 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the ‘Mains repair’ performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	119.9	106.6 (1)	Pass
Two	2021/22	118.2	96.0	Pass
Three	2022/23	116.6	111.6	Pass
Four	2023/24	114.9	105.7	Pass

(1) Number updated following 2020/21 in-period determination.

B03

Reducing interruptions to your water supply

Performance commitment description

This is an industry common measure and an evolution of our AMP6 measure for 'average minutes lost'. An interruption is classed as a water supply with pressure that is lower than three metres in the adjacent water main lasting for more than three hours. This measure incentivises companies to minimise interruptions to customers' water supply.

Performance summary

Our performance was such that, on average, properties lost supply for 9 minutes and 39 seconds in year four. This meant that we did not meet our supply interruption performance commitment for this year of 5 minutes and 23 seconds. Performance for this measure is highly volatile, which can be seen in the performance across the industry year-on-year. See pages 33 to 34 for more information on how outperformance caps and underperformance collars work.

2023/24 has seen a considerable improvement for interruptions to water supply performance compared to last year. However, our performance was impacted by a number of larger scale bursts on our water network. Events where we see the most significant impact relate to bursts on large diameter (strategic 'in nature') mains or those that cover cascading areas downstream, so these continue to form a key area of focus.

We continue to improve our supply interruptions approach, being more proactive and predictive, underpinned by our Integrated Control Centre (ICC). We have enhanced our event management process, as well as upskilling our teams and supply chain on supply interruptions ways of working.

When events do happen, we minimise disruption to water supplies through our focus on the four Rs (respond, restore, repair and return to supply), reducing the duration of the average water supply interruption. This approach is based on high quality situational awareness, with live granular data marshalled within the ICC and available to the centre and field teams, so that issues are quickly identified and resolved. Additional managerial and technical support is available in the ICC responding in real-time to mitigate the impacts of events. We operate an alternative supply vehicle (ASV) support fleet operating over three shift patterns for full 24/7 coverage, to mitigate and minimise loss of supply.

We carry out Root Cause Failure Analysis (RCFA) reviews of supply interruption events, with a bi-weekly review panel supported by our technical assurance teams. This supports continuous improvement and investment prioritisation.

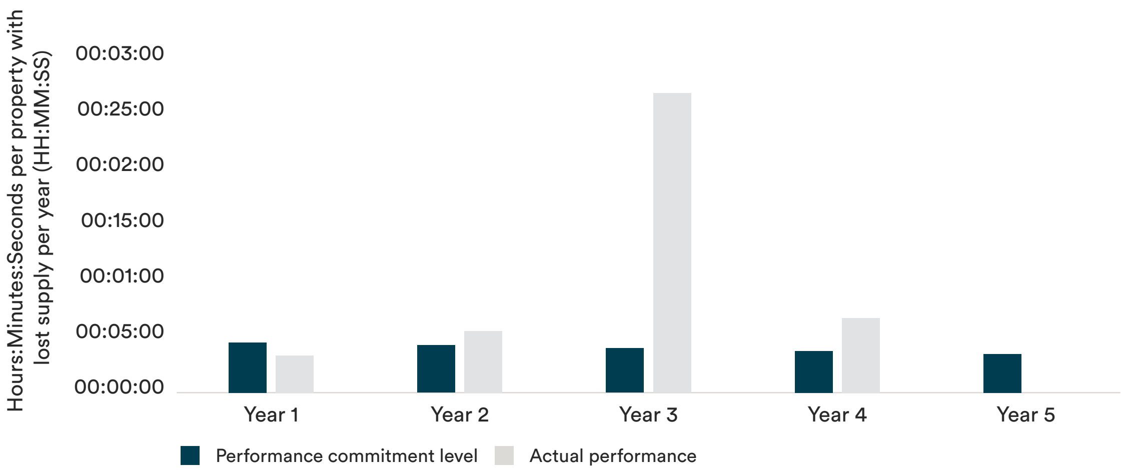
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we failed our target. Our performance means that we incur an underperformance payment of £4.00 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Reducing interruptions to your water supply' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	00:06:30	00:04:46[1]	Pass
Two	2021/22	00:06:08	00:08:01[2]	Fail
Three	2022/23	00:05:45	00:38:45	Fail
Four	2023/24	00:05:23	00:09:39	Fail

(1) Number updated following query (APR-IP-010).

(2) Number updated following resolution of customer query; this has increased our performance in year two by three seconds. We have requested that this will be reconciled as part of our 2022/23 in-period reconciliation.

1.1 Outcome delivery

B04

Unplanned outage

Performance commitment description

This is an industry common measure reflecting the asset health of water abstraction and water treatment activities. Activity is calculated at a site level and summed over the reporting year to give a total unplanned outage figure. This measure records the total unplanned outage in megalitres per day, normalised based on the overall company peak week production capacity and reported as a percentage. The outage duration is recorded to the nearest whole working day. An outage is considered to be unplanned if it occurs as a result of asset failure. Planned outages are not included in this measure.

Performance summary

We have outperformed the year four target with performance of 2.05 per cent of production capacity subject to an unplanned outage. This compares to a target of 2.65 per cent. This continued performance remains due to positive effort and engagement from operational teams and continued success in using our outage systems and processes. We continue to prioritise interventions before assets fail to minimise outage duration.

We undertake root cause failure analysis of outages and further develop operational best practice.

Our successfully established Unplanned Outage Steering Group continues to focus on managing performance, engaging with key stakeholders and providing internal and external performance reporting. For the last year of the AMP, the target continues to get tougher and we will continue to further support specific activities to evaluate, engage and take action on outages and communicate with key stakeholders to sustain a strong performance.

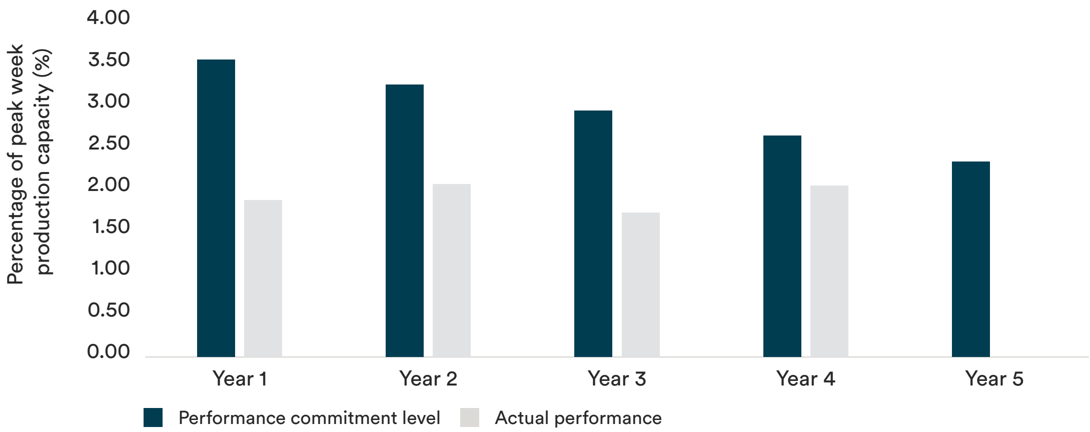
Financial implications

This performance commitment is subject to an outcome delivery incentive for underperformance only. In year four, we performed better than our performance commitment and therefore we incur no underperformance payment.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Unplanned outage' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	3.56%	1.88%	Pass
Two	2021/22	3.26%	2.07%	Pass
Three	2022/23	2.95%	1.73%	Pass
Four	2023/24	2.65%	2.05%	Pass

B05

Per capita consumption

Performance commitment description

This is an industry common measure recording the average volume of water used per person per day. This performance commitment is intended to incentivise us to help customers reduce their water consumption. The benefit of reduced per capita consumption (PCC) is to reduce the need for water abstraction from the environment and to improve the long-term water resources supply-demand balance. Performance is measured as a reduction from the baseline position set in 2019/20 and uses the three-year average PCC.

Performance summary

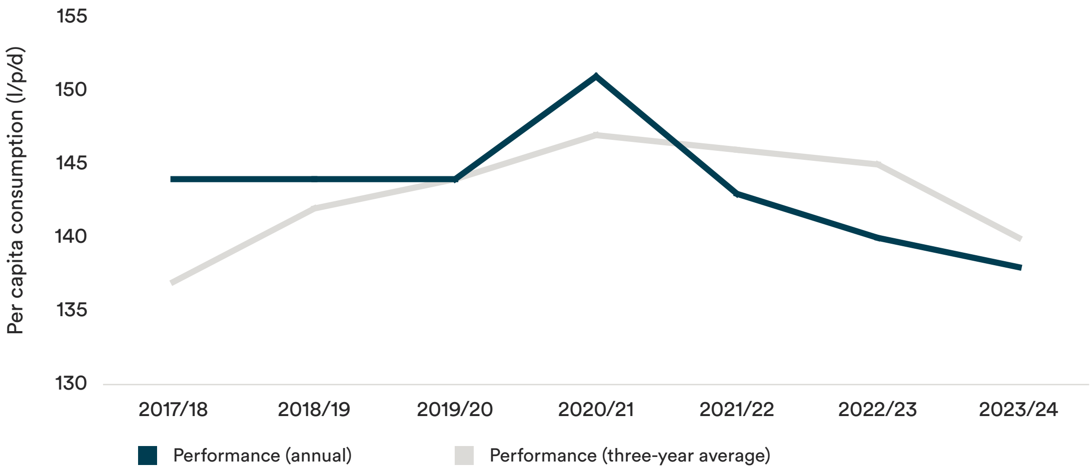
We have not achieved our PCC target in year four, with annual PCC at 138.2 litres per person per day (l/p/d) and a three-year average PCC of 140.4 l/p/d. This is a decrease in water used per person of 2.5 per cent against the 2019/20 three-year average baseline. However, the year four target was a 5.1 per cent reduction against the baseline which meant that we did not meet the targeted reduction.

The chart below shows PCC performance since 2017/18 and illustrates the increase in PCC during the period of COVID-19 lockdown. In year one of AMP7 (2020/21), we saw a substantial increase in household consumption due to more customers working at home and holidaying in the UK. There were impacts from increased hygiene and cleaning requirements. During year two of AMP7 (2021/22), as restrictions eased, household consumption reduced as people returned to school and the workplace. This reduction has continued into years three and four and reflects our focus on helping customers reduce their consumption through our enhanced metering programme and our 'always on' water efficiency customer communications campaign.

From year one of AMP7, annual consumption has reduced from 151.2 l/p/d to 138.1 l/p/d in year four.

Over the remainder of AMP7, we are targeting further reductions in PCC using a combination of approaches focusing on increased metering and customer communications, which aim to support and encourage behavioural changes to reduce water consumption. We discuss this in more detail below.

Per capita consumption



Customer communication and engagement strategy

Our 2023/24 customer communications strategy continued to build an 'always-on', integrated approach, creating awareness and appreciation of the true value of water. A particular focus was on the link between energy and water saving, as around 16 per cent of household energy bills are related to water use, so saving water will save money on energy bills. This is true, regardless of whether the customer is on a water meter. We continue to give customers the knowledge, tools and motivation to make saving water worthwhile. For the last four years we have seen awareness continue to increase and in 2023/24 we hit our all-time highest awareness score of 54 per cent (see page 39 for more information about "Helping customers look after water in their home").

We are using a multi-channel approach with a particular emphasis on radio advertising and sponsorship, social and digital media and direct communications (email and text) underpinned by the consistent use of ITV weather sponsorship in both the Granada and Border regions. This means we can reach just under 90 per cent of adults across the North West with targeted messaging relating to water efficiency and use. This multi-media approach allows us to reach a wide range of our customers across the North West. We can tailor our messaging throughout the year to match seasonal changes which may impact on the services we provide.

We use a suite of communication approaches to encourage the take up of a meter including personalised emails to those who we believe could save the most, providing an example of how much they could save and radio promotion.

Data led interventions

Meter data analysis has facilitated the identification of high usage consumers, enabling targeted direct communications with the aim to 'nudge' customers to adopt more efficient water use behaviours. Additionally, we have delivered a water efficiency home-audit programme, which provides water efficiency advice, with an opportunity to fit devices and identification of leak locations for remedial action. In 2023/24 we delivered 9,552 audits providing significant water and bill savings for our customers. The meter data analysis identifies customers who may have a leak on their property as there's a continuous flow through the meter. Over 66 per cent of our customers respond positively to the knowledge and tools that we have provided and fix the leak themselves saving water and money.

1.1 Outcome delivery

B05

We utilise the data to identify unmeasured customers (those who do not have a meter) who would potentially benefit from the installation of a water meter. Following proactive engagement illustrating the personalised savings that individual households could make, calculated using household composition data, and supported by local radio promotion we have seen a 13% increase in customer meter applications between 2022 and 2023. Our offering ensures that customers can try a meter and be protected by our price promise 'Lowest Bill Guarantee Scheme', meaning they will be charged the lower of their metered bill or rateable value.

Our enhanced metering programme, which began in 2021 and consists of proactive targeted external meter installations, is delivered alongside our Free Meter Option (FMO) optant metering. Both programmes are supported by our "lowest bill guarantee". In 2023/24 we installed 24,866 FMO meters and 20,685 meters through our enhanced metering programme.

For customers on an automated meter reading device (AMR) with more typical usage we are expanding our offer to provide monthly insight and consumption visualisation. To date 50,000 customers have been offered this service. Once the customer signs up, a monthly newsletter is provided via email with personalised consumption insight which compares usage from one month to the next. This helps them to understand their monthly water usage and to provide seasonal advice on how to save water.

Partnerships and innovation

We continue to work with social housing providers to make homes more water efficient and utilise metering information to "nudge" customers where properties have leaks. In addition, we are supporting a "Green Living" pilot with 200 homes across Manchester. In partnership with Gatehouse Investment Management/DifRent (Build to Rent Landlord), Ascend (Managing Agent) and Skewb Green (Environmental Consultancy), this pilot aims to promote eco-friendly practices and encourage customers to be water efficient. We will measure the success of this pilot through customer feedback and pre and post consumption analysis with a view to expand the offering if successful.

We are working with Save Water Save Money, who have created a product with Fluidmaster that is intended to be a universal leak-free fix to tackle leaky toilets in residential and commercial properties. We commissioned this piece of research to understand customers' experiences with leaks at home, and to gather opinions on the new syphon. We are trialling the product with our own facilities management in our own sites, plus asking employees to trial fitting the product in their own home. We will use the results of the trial to understand the ease of fit and feedback on the product. If the trial is successful, we will then consider whether to follow this with a further trial aimed at customers.

Schools activity

We continued to offer educational activities through a number of partners, providing parents and teachers with engaging content bringing water to life for children across the North West. We have delivered 49 school water efficiency visits in collaboration with retailers, local councils and Groundwork helping schools to save water and money.

Developing a business retail (non-household) water efficiency programme

During 2023/24 we have continued to work collaboratively with retailers to explore business customer propositions, to develop a non-household water efficiency programme which will drive water efficiency in the water retail market. This work includes the delivery of:

- school water efficiency visits as detailed above;
- trialling water efficiency visits in leisure centres, care homes, health care establishments, shops, and public houses;
- working with retailers to share information regarding those customers with a continuous flow alert (indicating a leak) to develop a communication nudge process to encourage the customer to fix their own leak; and
- a partnership trial working with Whitbread and Waterscan to look beyond leakage and reduce the baseline consumption of a busy, high water using hotel chain through installing water saving devices across Whitbread sites.

Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance, but will only be reconciled at the end of the AMP when our final performance level for the five-year period will be known. In year four, we have failed our target.

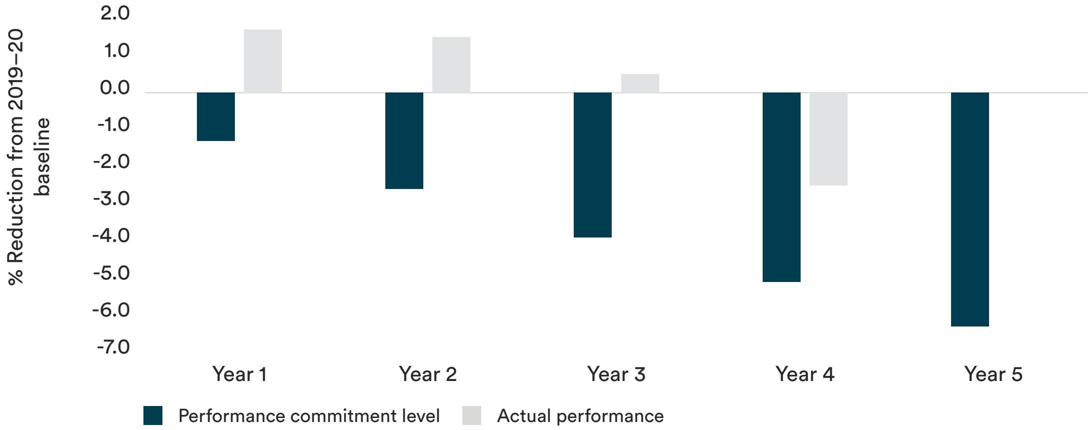
Year four performance

1.1 Outcome delivery

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the ‘per capita consumption’ performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	1.3% (reduction)	1.7% (increase)	Fail
Two	2021/22	2.6% (reduction)	1.5% (increase)	Fail
Three	2022/23	3.9 % (reduction)	0.5% (increase)	Fail
Four	2023/24	5.1% (reduction)	2.5 % (reduction)	Fail

B06

Drought risk resilience

Performance commitment description

This is an industry common measure of the percentage of customers at risk of experiencing severe supply restrictions in a 1-in-200 year drought. The population is considered to be at risk if the supply-demand balance calculation in each water resource zone for the 1-in-200 year drought event results in a shortfall. This will occur when the modelled deployable output minus outage allowance (available supply) is less than the dry year demand plus base year target headroom (demand plus uncertainty). This measure does not carry a financial incentive.

Performance summary

We have met our performance commitment for year four. The percentage of customers at risk of experiencing a severe supply restriction in a 1-in-200 year drought is zero.

This performance commitment is linked to the schemes planned in the 2019 Water Resource Management Plan (WRMP19), and the risk of severe restrictions during the period 2020–45. For year four, the reported risk of 0 per cent is based on our estimate that the risk of severe restrictions faced by customers is much less than 1-in-200 years (i.e. much less than a 0.5 per cent annual chance). This estimate is based on sophisticated in-depth analysis outlined in our WRMP19 submission.

Financial implications

This is a reputational performance commitment with no associated financial incentives for underperformance or outperformance. In year four, we have met our target.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Drought risk resilience' performance commitment – lower is better

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0.0%	0.0%	Pass
Two	2021/22	0.0%	0.0%	Pass
Three	2022/23	0.0%	0.0%	Pass
Four	2023/24	0.0%	0.0%	Pass

B07

Reducing areas of low water pressure

Performance commitment description

This performance commitment is an asset health measure tracking the number of properties receiving water pressure below the guaranteed standard. This level of service is defined as a flow of nine litres per minute at a pressure of ten metres head on the customer's side of the main stop tap. Performance is measured at 31 March in the reporting year.

Performance summary

The number of properties experiencing low pressure below reference level at the start of the year was 159. At year end, the number of properties below the reference level was 125. This was better than the 213 properties that would have been required to meet our target. This resulted in reported performance of 0.361 outperforming the year four target of 0.620 when normalised per 10,000 properties. This further improvement in performance reduces the areas of low water pressure to the lowest level over the last nine years. We have maintained strong focus and evaluation of properties experiencing low pressure, enabling us to identify appropriate solutions in a timely manner; whilst improvements in technology have enabled us to have improved control over our pressure management valves.

This performance commitment for the final year of AMP7 is challenging. However, we will continue to evaluate properties that are experiencing low pressure below reference levels, to identify solutions and prioritise accordingly.

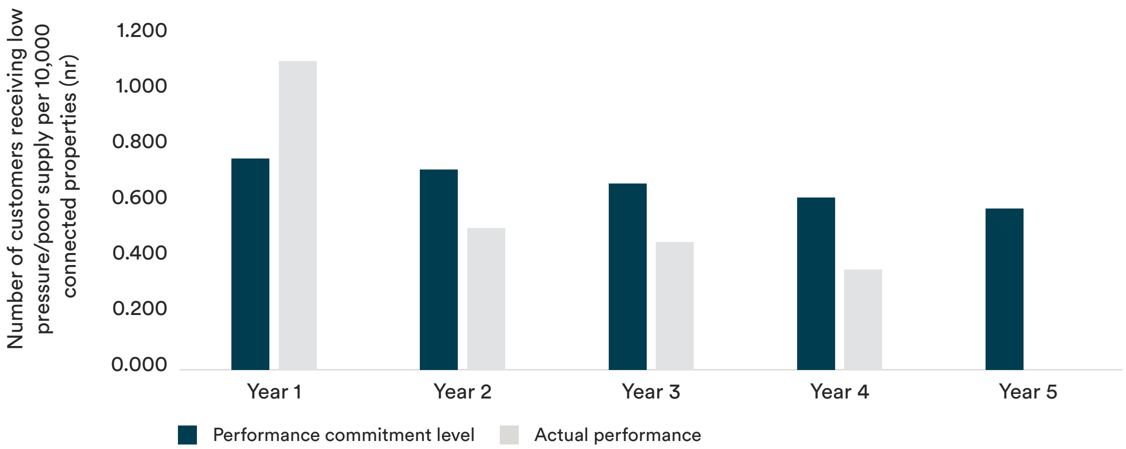
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £0.089 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Reducing areas of low water pressure' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0.760	1.114	Fail
Two	2021/22	0.720	0.513	Pass
Three	2022/23	0.670	0.462	Pass
Four	2023/24	0.620	0.361	Pass

1.1 Outcome delivery

B08

Water service resilience

Performance commitment description

This measure tracks the reduction in the risk to customers of major water supply interruptions caused by failures of trunk mains or water treatment works. It is measured as the reduction in risk of lost customer service days per year (csd/yr). To set our target, we assessed the probability of failure at key water treatment works (WTWs) and trunk mains, the potential duration before service is restored, and the number of customers at risk. Our targeted performance takes into account work planned until 2025. An assessment of risk is carried out annually and is subject to independent audit.

Performance summary

The water service resilience baseline risk was the risk from water treatment works and trunk mains that serve customers who could not be supplied by alternatives. The water service resilience baseline risk assessment includes 361 critical trunk mains identified as being at risk of losing more than two customer service days per year. The AMP7 performance commitment was to deliver reductions in risk from year two of the AMP.

We have outperformed this year, reducing the number of customer service days at risk per year by 3,249. This was better than our target of 1,145, and was achieved through a combination of work completed at water treatment works and at trunk mains. The delivery of the power resilience and chlorine enhancement projects at Watchgate Water Treatment Works has substantially reduced the risk of outage due to either loss of power or due to process failure, delivering approximately one third of the overall risk reduction for this year. This reduction in risk has been documented in the updated Drinking Water Safety Plan risk assessment for Watchgate with the overall score associated with power failure reduced from 15 to 5 out of 25 on completion of the work. The audit report is published in Appendix 1. An independent assurance report for this performance commitment can be found at:

unitedutilities.com/globalassets/documents/pdf/apr-2023-24-external-assurance-reports

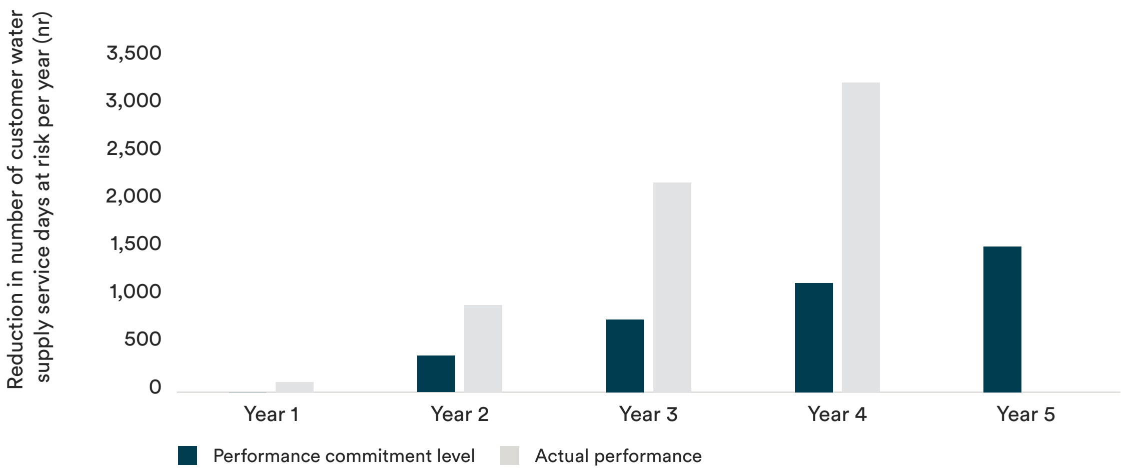
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £6.955 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Water service resilience' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	106	Pass
Two	2021/22	382	915	Pass
Three	2022/23	764	2,198	Pass
Four	2023/24	1,145	3,249	Pass

B09

Manchester and Pennine resilience

Performance commitment description

This is a measure that tracks our progress in implementing the Direct Procurement for Customers (DPC) process to appoint a competitively appointed provider (CAP) to design, build, finance and maintain the solution identified for the Haweswater Aqueduct Resilience Programme (HARP), previously known as the Manchester and Pennines resilience scheme. Progress is measured against the satisfactory delivery of three key DPC control points. These are the Strategic Outline Case, the Outline Business Case (OBC) and the Full Business Case (FBC). These need to be successfully delivered to allow the scheme to progress to the point where a CAP can be appointed. The underperformance payment is capped at £5.740 million. This measure is subject to an end of AMP reconciliation.

Performance summary

The Haweswater Aqueduct Resilience Programme will be a pathfinder scheme for the DPC process. This process is both novel and untested in the water sector, and the HARP scheme itself is extremely complex and sizeable. An underperformance payment was incurred in year four of the AMP because the FBC was not completed by the target date.

Financial implications

This performance commitment is subject to outcome delivery incentives for underperformance only and will be reconciled at the end of the AMP when our final performance level for the five-year period will be known. In year four, we failed to hit our target.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Manchester and Pennine resilience' performance commitment

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	1 (Strategic Outline Case)	Achieved	Pass
Two	2021/22	0	Achieved	Pass
Three	2022/23	1 (Outline Business Case)	Achieved	Pass
Four	2023/24	1 (Full Business Case)	Not achieved	Fail

1.1 Outcome delivery

B10

Keeping reservoirs resilient

Performance commitment description

This measure assesses the reduction in risk delivered by our planned risk reduction activities at dams, reducing the risk of individual dam failure to a tolerable level as defined by the Health and Safety Executive. A tolerable risk will have an annual probability below 1 in 10,000 or 1 in 1,000,000, depending upon the population at risk; the probability should be as low as reasonably practicable. Proactive risk reduction is achieved through our portfolio risk assessment methodology, which assesses the probability of failure at dams on an ongoing basis.

We prioritise and deliver work to lower the risk of failure at dams, lowering the probability of their failure until the dam is no longer in either the Health and Safety Executive's 'unacceptable individual risk' or 'unacceptable societal risk' category. Beyond this, we seek to reduce the probability of risk to a level as low as reasonably practicable.

Performance summary

The performance commitment assesses the risk reduction of dam failures to tolerable levels. We have outperformed this year, reducing risk by 3.61895. This was better than our target of 2.99149 and was achieved through the completion of three projects. The incentive payments for this performance commitment will be reconciled at the end of AMP7 when the final performance is known.

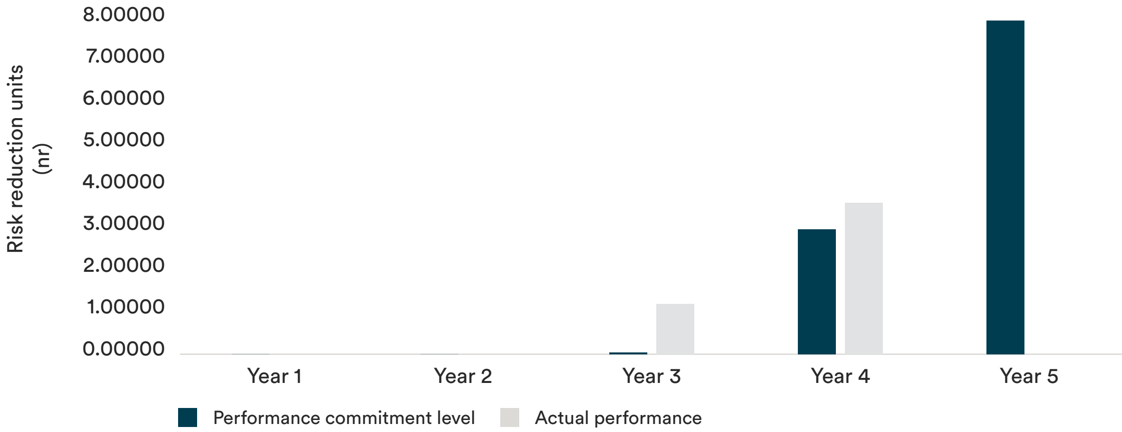
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance, but will only be reconciled at the end of the AMP when our final performance level for the five-year period will be known. All outputs specified under this performance commitment for year four have been delivered.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Keeping reservoirs resilient' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0.00000	0.00000	Pass
Two	2021/22	0.00000	0.00000	Pass
Three	2022/23	0.04439	1.20000	Pass
Four	2023/24	2.99149	3.61895	Pass

1.1 Outcome delivery

B11

Thirlmere transfer into West Cumbria (AMP7)

Performance commitment description

This measure is a continuation of our AMP6 performance commitment tracking the completion of the Thirlmere transfer project in West Cumbria. The aim of the project is to secure a long-term water supply for the West Cumbria area, whilst continuing to meet our environmental obligations. Our target was to deliver this demanding project by 31 March 2022. The performance commitment would see us gain an outperformance payment if we manage to outperform the already stretching delivery targets for the project, or incur underperformance payments if we fail to hit our deadlines. Progress is measured as a percentage of the earned value of the project, with a value of 100 indicating that the project has been completed. This measure has an underperformance collar, set at 99 per cent.

Performance summary

The project finished AMP6 ahead of schedule with the target for year one achieved in year five of AMP6. Progress in AMP7 was impacted by COVID-19 restrictions, with availability of contractors and restricted working practices causing delays. This meant that we failed to achieve the final milestone in year two. In year three, we completed the commissioning of the new Williamsgate water treatment works and supplied water from Thirlmere to customers in West Cumbria achieving 100 per cent project completion ahead of the revocation date of the abstraction permit at Ennerdale. This concluded the requirement of this performance commitment.

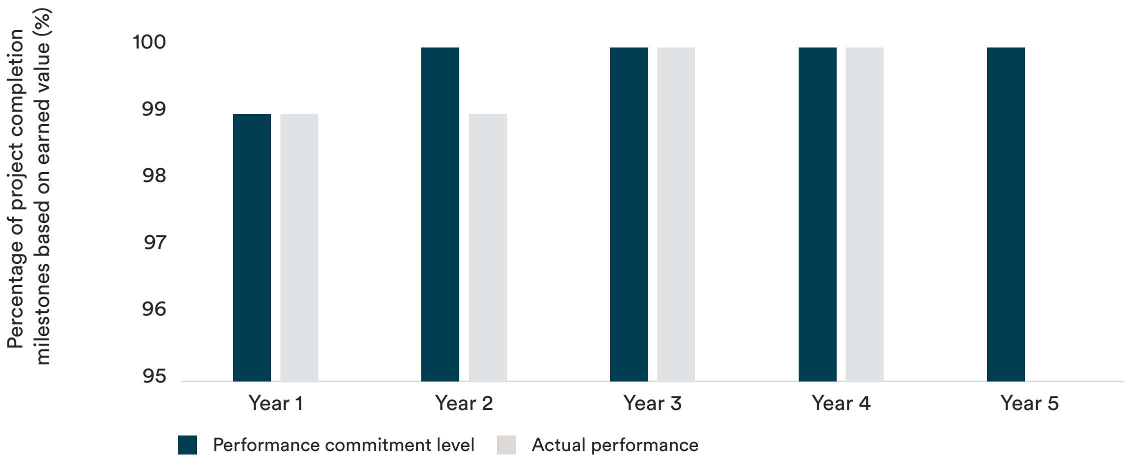
Financial implications

We have completed the final project milestone and are delivering water into supply and have achieved our performance commitment. Therefore, no underperformance or outperformance payment is applicable.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Thirlmere transfer into West Cumbria (AMP7)' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	99%	99%	Pass
Two	2021/22	100%	99%	Fail
Three	2022/23	100%	100%	Pass
Four	2023/24	100%	100%	Pass

1.1 Outcome delivery

The natural environment is protected and improved in the way we deliver our services

Our customers, stakeholders and regulators expect us to improve the quality of the environment. We will deliver a programme of environmental improvements and, where possible, achieve this in a more sustainable way which can be maintained over the long term and protects resources for future generations. We will effectively operate and maintain our assets so that we can mitigate the impact of external factors such as climate change, population growth and changing customer behaviours and will reduce our abstraction from sensitive sites during periods of low flow.

How have we done?

We have successfully passed seven out of the nine performance commitments which support this outcome. Overall, this has generated a net underperformance penalty of -£1.963 million.

In year four, our pollution performance was 216 category 1–3 incidents (27.93 incidents per 10,000km of sewer). This performance includes one category 1 incident and zero category 2 incidents, which are regarded as the most serious in terms of environmental impact. The increase in incident numbers seen this year is primarily linked to volatile weather conditions and the high number of named storms in comparison to recent years.

We achieved 98.97 per cent treatment works compliance, which equates to four treatment works being in breach of their discharge consent out of a total of 388. We continue to use operational best practice, implement our overall improvement plan for discharge compliance in AMP7 and deliver intensive care plans for those works at high risk.

This year, we produced 204,771 tonnes dry solids (TDS) of biosolids. This volume of biosolids was then treated and successfully recycled to either agriculture or restoration outlets, delivering a 100 per cent compliance score for the year. In 2023, we continue to implement several measures to improve our processes and procedures to further reduce the potential risk of single point failures occurring. These included enhanced site training and a focus on sampling practices. As a result, we forecast to retain 100 per cent compliance over the remainder of the AMP.

Under our better air quality measure, we have modified seven of our Combined Heat and Power (CHP) engines, continued to undertake proactive maintenance of our remaining CHP fleet and increased the throughput through our strategic sludge treatment centre in Manchester. This has enabled us to increase our renewable energy generation whilst minimising the impact of emissions on air quality. This has resulted in an improvement in performance in the NOx emitted per GWh of renewable electricity generated.

Two of the nine performance commitments are based on the delivery of named Water Industry National Environment Programme (WINEP) schemes. Under our 'improving the water environment' measure, two water schemes were delivered in year four. Both of these schemes were delivered 11 days ahead of the regulatory date, leading to a total of 22 days early for the year. The net aggregate position for the first four years of the AMP is, subsequently, reported as 102 days early. Under our 'improving river water quality' measure nine wastewater schemes were successfully delivered in year four, giving a total of 28 schemes completed and claimed in AMP7. So far, all schemes have been completed on time.

Performance commitment	Actual performance Year four	Impact	Value (£m)
C01 – Pollution incidents	27.93	Underperformance payment	-5.043
C02 – Treatment works compliance	98.97	Underperformance payment	-0.046
C03 – Abstraction incentive mechanism	0.0	–	–
C04 – Improving the water environment	102	–	–
C05 – Improving river water quality	0	–	–
C06 – Protecting the environment from growth and new development	55,135	–	–
C08 – Enhancing natural capital value for customers	0.778	Outperformance payment	0.389
C09 – Recycling biosolids	100.00	Outperformance payment	1.500
C10 – Better air quality	0.96	Outperformance payment	1.237
The natural environment is protected and improved in the way we deliver our service net position	7/9 achieved		-1.963

C01

Pollution incidents

Performance commitment description

This is an industry common measure that tracks the number of pollution incidents recorded in a calendar year per 10,000km of sewer network. Pollution incidents are put into one of three categories according to their severity; the most serious pollution incidents are in category 1 or 2. The methodology is aligned with the Environment Agency's (EA) Environmental Performance Assessment (EPA) methodology and, as such, utilises a consistent approach to the reporting of pollution performance.

This measure is an evolution of our historic AMP6 performance metrics. It includes incidents from transferred assets, those recorded through the installation of event duration monitors (EDM) and consented discharges.

Performance summary

This measure utilises a calendar year assessment. In 2023, our performance was 216 category 1–3 incidents. When this performance is normalised by sewer length, this equates to an outturn of 27.93 incidents per 10,000km. This performance includes one category 1 incident and zero category 2 incidents.

The increase in incident numbers seen this year is primarily linked to volatile weather conditions. Met office rainfall and mean temperature data for North West England and North Wales shows how 2023 was wetter and hotter than average compared to the last ten years (2014 to 2023). July to December had a monthly average of 30mm above the 10-year average monthly rainfall and the mean temperature for each month was on average 0.5°C warmer.

In addition to the impacts of rainfall and temperature, pollution incidents in 2023 were impacted by a high number of named storms in comparison to recent years. These led to 18 incidents being recorded, which is the highest number of incidents on storm days in the last five years.

Despite the detrimental impact of the weather, we continue to implement a number of strategic initiatives and targeted approaches, covering topics such as culture, systems thinking, training and maintenance, which are all brought together under our overarching pollution incident reduction plan (PIRP). A copy of this plan can be found on our website at:

unitedutilities.com/corporate/responsibility/environment/reducing-pollution

Published in September 2020, this plan is sub-categorised into several key focus areas and is tracked against anticipated completion dates in order to help us to continue to reduce overall pollution incidents in future years.

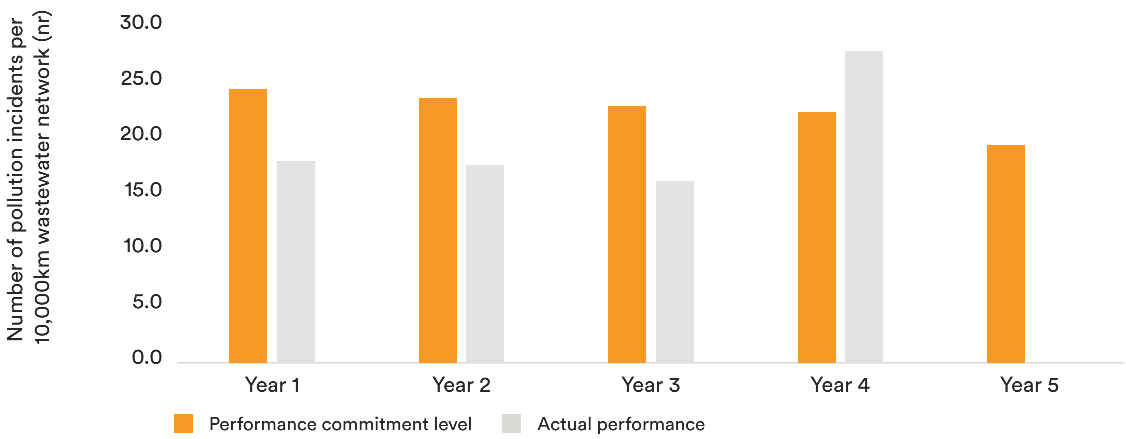
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we have failed our target, meaning we incur an underperformance payment of £5.043 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Pollution incidents' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020	24.50	18.10	Pass
Two	2021	23.70	17.71	Pass
Three	2022	23.00	16.29	Pass
Four	2023	22.40	27.93	Fail

1.1 Outcome delivery

C02

Treatment works compliance

Performance commitment description

This is an industry common measure that assesses the percentage of water and wastewater treatment works that are compliant with their discharge permits on a calendar year basis. The measure definition is the same as that used by the Environment Agency (EA) in its annual Environmental Performance Assessment (EPA). We have set the performance commitment at 100 per cent compliance, which is equivalent to zero failing works. The deadband level is set at 99 per cent compliance and is the level required for 'green' status when assessed against the EPA.

Performance summary

This measure utilises a calendar year assessment. In 2023, our performance was 98.97 per cent compliance, which equates to four treatment works in breach of their discharge consent out of a total of 388. There are four non-compliant wastewater treatment works and zero non-compliant water treatment works.

We continue to use operational best practice, implement our overall improvement plan for discharge compliance in AMP7 and deliver intensive care plans for those works at high risk.

Details of the failures experienced this year are an Iron look-up table (LUT) failure at Holmes Chapel WwTW, Ammonia LUT failures at Bury WwTW and Salford WwTW, and an Iron upper tier limit (UTL) failure at Settle WwTW. For each of these, a detailed investigation has been undertaken to ensure we understand the root cause of the failure. We have implemented action plans to ensure any outstanding issues are resolved and the correct processes are in place to minimise the risk of any similar failures occurring again in the future.

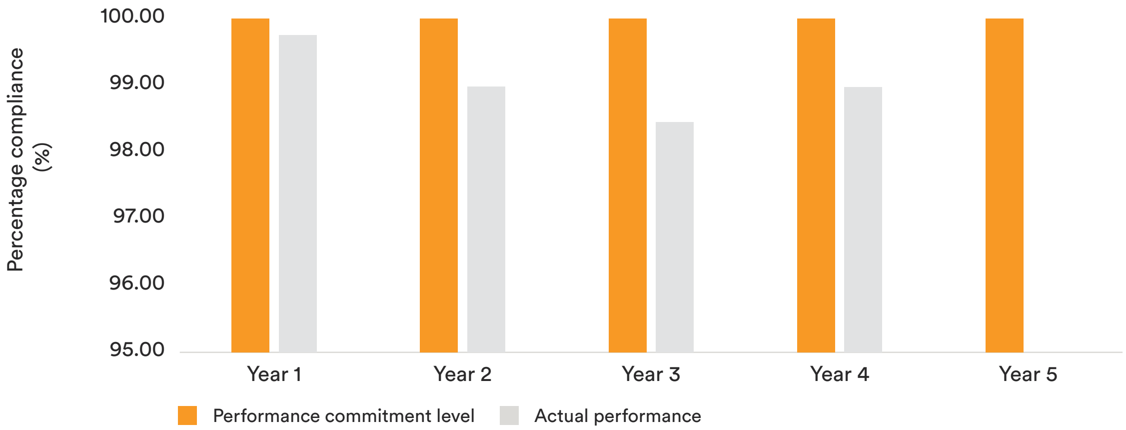
Financial implications

This performance commitment is subject to an outcome delivery incentive for underperformance only. In year four, we have failed our target and incur an underperformance payment of £0.046 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Treatment works compliance' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020	100.00%	99.75%	Fail
Two	2021	100.00%	98.98%	Fail
Three	2022	100.00%	98.45%	Fail
Four	2023	100.00%	98.97%	Fail

C03

Abstraction incentive mechanism

Performance commitment description

This is an industry common measure that assesses how well we manage abstraction at environmentally sensitive sites. For each abstraction site covered by the abstraction incentive mechanism (AIM), there is a trigger that identifies when the downstream river flows are running low. Once the trigger is reached, we seek to reduce the level of abstraction at the site and, therefore, minimise our environmental impact. The AIM flow trigger is site specific. At the beginning of AMP7, we had two AIM sites: Old Water on the River Gelt and Ennerdale. The abstraction licence for Ennerdale was revoked on the 22 March 2023 and an alternative supply of water from Thirlmere reservoir is in place to supply West Cumbria.

A decrease in the volume abstracted – as measured in Megalitres (Ml) – signifies an improvement in performance.

Performance summary

We have one site covered by AIM in year four: Old Water. The target for this AIM site for each year of AMP7 is zero Ml AIM performance. River flows at Hynam Bridge (the gauging station associated with the Old Water AIM site) did not drop low enough to reach its AIM river flow trigger; resulting in a 0 Ml AIM performance overall, achieving the year four target.

We proactively monitor river flows at the AIM sites and seek to reduce abstraction at times of low river flow. However, alternative abstraction options are very limited. The alternative supply for Old Water is New Water; however, New Water has a prescribed flow requirement and so at times of low river flow, abstraction is limited at this site as well.

Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, the river flow at Hynam Bridge (the gauging station associated with the Old Water AIM site) did not reach the AIM trigger; therefore, there was no opportunity to earn an outperformance payment.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the ‘Abstraction incentive mechanism’ performance commitment – lower is better

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0.0 Ml	-695.9 Ml	Pass
Two	2021/22	0.0 Ml	-134.4 Ml	Pass
Three	2022/23	0.0 Ml	0.0 Ml	Pass
Four	2023/24	0.0 Ml	0.0 Ml*	Pass

*See Appendix 3 for further details of the incentive calculation.

C04

Improving the water environment

Performance commitment description

This measure aims to protect customers from late delivery of our environmental improvement programme. Prior to the start of the AMP, we agreed the programme of work with the Environment Agency and this was published through its Water Industry National Environment Programme (WINEP). The scope of this performance commitment is limited to schemes under the FBG (fisheries, biodiversity and groundwater), WR (water resources) and WQ (water quality) functions on the WINEP. We assess the number of days each scheme is delivered early or late and the cumulative view of this is reported annually.

There are currently 61 schemes covered by this performance commitment. This has decreased from the 69 schemes in the original programme, as nine schemes have been removed from the WINEP following agreement and approval by the Environment Agency (EA) and one has been added. Within the 61 schemes, there are 15 catchment schemes. It is possible for these schemes to be partially delivered with certain elements being completed and other elements incomplete. In the case of partial delivery of a catchment scheme, the number of days late is calculated as the number of days that the incomplete elements are late by the proportion of overall scheme benefits. There may be instances where it is necessary to follow the change process with the Environment Agency during the five-year period and adjust the programme of work. Agreed changes with the Environment Agency as defined by the sign off of an amendment form update and re-baseline the schemes to be delivered in the programme.

Performance summary

Each scheme specified under this performance commitment has a specific regulatory delivery date, as outlined in the WINEP. There were two schemes scheduled for delivery in year four of the AMP. Both of these schemes were delivered 11 days ahead of the regulatory date, leading to a total of 22 days early for year four. The net aggregate position for the first four years of the AMP is subsequently reported as 102 days early, when we add the 22 days early from year four to the 80 days early from year three. All schemes expected to be completed later in the AMP are currently forecast to be on track against our delivery plan.

Financial implications

This performance commitment is subject to an outcome delivery incentive for underperformance only. In year four, we exceeded our performance commitment and therefore incur no underperformance payments.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the ‘Improving the water environment’ performance commitment – higher is better

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	0	Pass
Two	2021/22	0	62	Pass
Three	2022/23	0	80	Pass
Four	2023/24	0	102	Pass

C05

Improving river water quality

Performance commitment description

This measure focuses on the timely delivery of wastewater network plus schemes that have an Environment Agency (EA) primary or secondary water quality improvement driver. We have focused this measure on the Water Framework Directive (WFD) as this work should deliver measurable environmental improvements whereas the statutory programme is more likely to just maintain a stable level of river or bathing water quality.

This measure will be reported as the net position in number of days early or late across the region versus the target. In order to obtain the aggregate performance position we calculate the net position in number of days early or late that schemes have been delivered by catchment. This will be assessed annually. There may be instances where it is necessary to follow the change process with the EA during the five-year period and adjust the programme of work. Agreed changes with the EA as defined by the sign off of an amendment form will update and re-baseline the schemes to be delivered in the programme.

Performance summary

There are currently 100 WFD schemes covered by this performance commitment. This has increased from the 96 schemes in the original programme, via the application of the EA's change control process. Each of these schemes has a specific regulatory delivery date, as outlined in the water industry national environment programme (WINEP).

These schemes are then grouped into 15 catchments. The performance assessment to determine the number of days early or late for each catchment is only undertaken when the last scheme in a catchment is delivered.

In year four, nine schemes were successfully delivered against their agreed delivery date, giving a total of 28 schemes completed and claimed so far in AMP7. As described above, this performance commitment is assessed when schemes within a catchment are complete. So far, all schemes have been completed on time, and only two catchments – the Wyre and the Petteril – have had all the schemes completed. This means that the overall net days early and late is currently zero.

Financial implications

This performance commitment is subject to an outcome delivery incentive for underperformance only. In year four, we met our performance commitment and, therefore, we incur no underperformance payments.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Improving river water quality' performance commitment – lower is better

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	0	Pass
Two	2021/22	0	0	Pass
Three	2022/23	0	0	Pass
Four	2023/24	0	0	Pass

C06

Protecting the environment from growth and development

Performance commitment description

This is a bespoke measure that reports the total additional population equivalent that will be served as a result of investment to increase wastewater treatment works (WwTW) capacity or remove/redirect flows away from areas with a shortfall in wastewater treatment capacity, thus protecting the environment from decline. The measure reflects the level of protection we are providing at wastewater treatment works and will be measured as a cumulative total for each year, commencing with the first completed project in 2021/22. The scope and location for individual projects is flexible to enable us to accommodate changes in forecast development and to manage risk. The performance commitment is defined by the additional population equivalent accommodated at wastewater treatment works that are at risk from new development or growth. The baseline population equivalent is that from which the design is developed for each works.

Performance summary

The performance commitment for this metric was defined through a proposal of delivering 21 projects over the AMP and the agreed delivery dates for these projects were outlined to be in either year two or year five of the AMP.

This year, we have delivered two projects: one at Audlem WwTW and one at Preston WwTW. The total additional population accommodated through these schemes is 48,156, meaning the reported cumulative position for the first four years of the AMP is 55,135. These two projects are supplementary schemes to the original programme, which have been added in. The programme is designed to be flexible in this way as growth can slow down or accelerate across the region in response to demand.

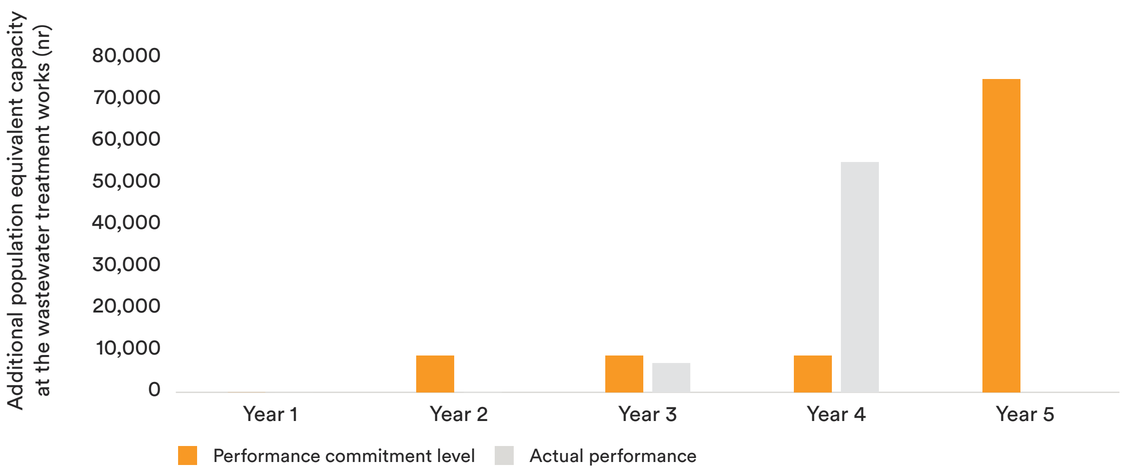
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance, and will be reconciled at the end of the AMP when our final performance level for the five-year period will be known. In year four, we have achieved our target.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Protecting the environment from growth and development' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	0	Pass
Two	2021/22	8,848	94	Fail
Three	2022/23	8,848	6,979	Fail
Four	2023/24	8,848	55,135	Pass

1.1 Outcome delivery

C08

Enhancing natural capital for customers

Performance commitment description

This performance commitment incentivises us to use catchment systems thinking to deliver water quality improvements through the delivery of catchment and nature based solutions. It measures the added natural capital value delivered through a scheme focusing on the six Ecosystem Services (ESS) valued by customers: water quality, climate regulation, flooding, biodiversity, amenity and recreation and health and wellbeing. The added natural capital value is defined as the increase in natural capital value delivered beyond that which would have been achieved by a conventional engineering led approach. We calculate the added value of these benefits using the B£ST Natural Capital Accounting tool in line with a methodology developed by United Utilities in conjunction with Vivid Economics, which quantifies a monetary value for the services enhanced. This is assured independently by Vivid Economics.

Our target profile is based on the opportunity we identified to deliver added natural capital value at PR19 and we have an outperformance cap to incentivise the identification and delivery of further opportunities.

Performance summary

This performance commitment is based on the proposed delivery of projects over the duration of AMP7. In year four, we have delivered the River Petterill catchment scheme and added additional recreation value with the delivery of the Chorley 12 Park Hall Road/Stocks Lane project. As a result of this, we have added to our natural capital value and have outperformed our target.

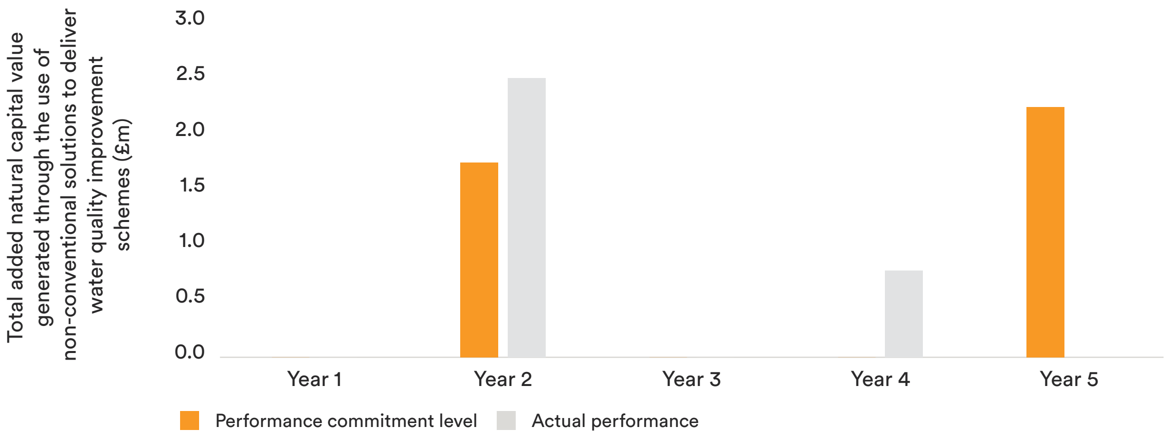
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £0.389 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Enhancing natural capital value for customers' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0.000	0.000	Pass
Two	2021/22	1.750	2.508	Pass
Three	2022/23	0.000	0.000	Pass
Four	2023/24	0.000	0.778	Pass

1.1 Outcome delivery

C09

Recycling biosolids

Performance commitment description

This is a bespoke measure that assesses the successful use and disposal of treated material containing sewage sludge, known as biosolids. All biosolids need to be compliant with regulatory requirements that apply to each end use in line with the water industry and Environment Agency agreed definition of satisfactory sludge use and disposal. As a further requirement, biosolids that are recycled to agriculture must conform to the Biosolids Assurance Scheme (a voluntary scheme under the governance of Assured Biosolids Ltd). The scheme incorporates best practice guidance and is independently audited. The total quantity of non-compliant biosolids is divided by the total quantity of sludge that required treatment and disposal subtracted from 100 per cent to calculate the score.

Performance summary

This measure utilises a calendar year assessment. In 2023, we produced 204,771 tonnes dry solids (tds) of biosolids. This volume of biosolids was then treated and successfully recycled to either agriculture or restoration outlets, delivering a 100 per cent compliance score for the year.

In order to sustain this good performance, we continue to implement several processes and procedures to reduce the potential risk of single point failures occurring in the future.

These include:

- All colleagues who are involved with Biosolids treatment and recycling operations are required to attend a training course that covers the whole process of the Biosolids Assurance Scheme (BAS).
- All of our Agriculture advisors who liaise with our farming customers have received their BAS Nutrient management training. Further to this, the vast majority of UU Agriculture Advisory team are qualified with an agriculture industry recognised qualification (BASIS FACTS), which gives them the competency to advise farmers on Biosolids products, nutrient management and relevant regulations.
- Additional site specific training/induction for all our operational staff to ensure all compliance aspects are covered and understood at each of the sludge treatment centres.
- Regular review and update of the site specific hazard analysis critical control point (HACCP) plans, including an assessment of the process critical control points (CCP) and contingency procedures.
- Additional governance introduced into our HACCP process. This includes Post Incident Reviews (PIR) following every MAC sampling failure, establishment of a HACCP governance group, among others.
- A continued focus on sampling practices, in order to reduce any unnecessary failures caused by human error.

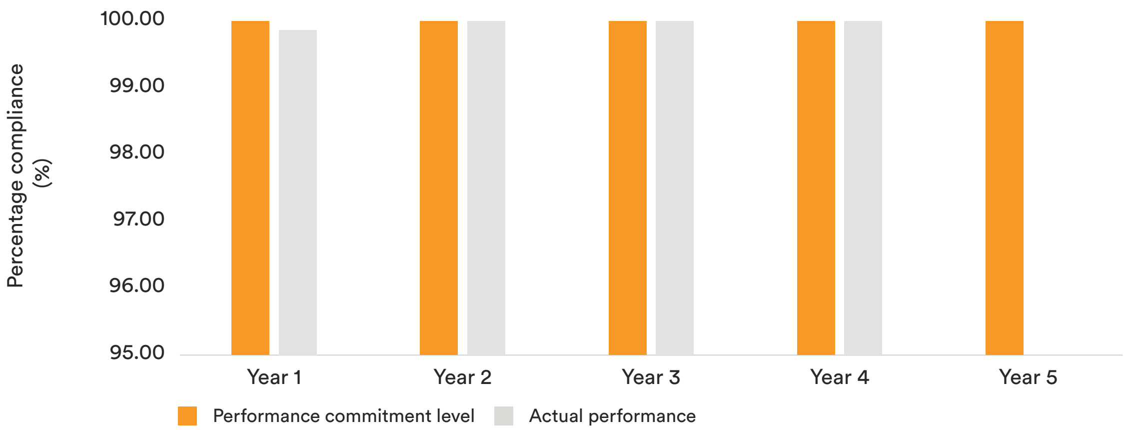
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. This year, we have met our target and forecast that our good performance will be sustained in the final year of the AMP. In year four, as a result of achieving 100 per cent compliance for three consecutive years we have earned an outperformance payment of £1.500 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the ‘Recycling biosolids’ performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020	100.00%	99.87%	Fail
Two	2021	100.00%	100.00%	Pass
Three	2022	100.00%	100.00%	Pass
Four	2023	100.00%	100.00%	Pass

C10

Better air quality

Performance commitment description

This is a bespoke measure that aligns to customers' ambition for us to improve air quality. It is focused on reducing the Nitrogen Oxide (NOx) emissions per unit of renewable electricity generated from bioresources. Sewage sludge from wastewater treatment is treated through digestion processes to a standard suitable for use in agriculture. This process produces biogas which is burned to generate renewable energy in Combined Heat and Power engines (CHP). When the fuel is burned, waste gases including NOx are emitted. The measure includes emissions from combined heat and power engines and sewage sludge incineration. If biogas is supplied to the national gas grid, the electricity that could have been generated by burning it is included in the measure.

Performance summary

Our two largest CHP facilities at Manchester and Liverpool have been at the forefront of an improvement programme to roll out cleaner engine technology. This technology reduces the amount of NOx in the combustion gas being emitted from our engines by 50 per cent per cubic metre of gas produced (from 500mg down to 250mg NOx per m^3), thereby reducing the tonnes of NOx emissions per GWh of electricity generation. In year one, we installed this cleaner technology on both of the engines at Liverpool and one of the five engines at Manchester. Continuing the programme of work into year two, we completed the conversion of the remaining four engines at Manchester to low NOx emission operation. As all seven engines have now been successfully converted, we were able to see the full-year benefit of the low NOx emission operation in our year three and year four performance.

These seven engine modifications, along with the continued proactive maintenance of our remaining CHP fleet and the increased throughput through our strategic sludge treatment centre in Manchester, have enabled us to increase our renewable energy generation whilst minimising the impact of emissions on air quality. This has resulted in an improvement in performance in the NOx emitted per GWh of renewable electricity generated performance commitment unit. We calculate that, as a result of our actions, we have avoided 120 tonnes of NOx emissions over the first four years of AMP7 compared to how we operated in 2019–20 (the end of AMP6).

Financial implications

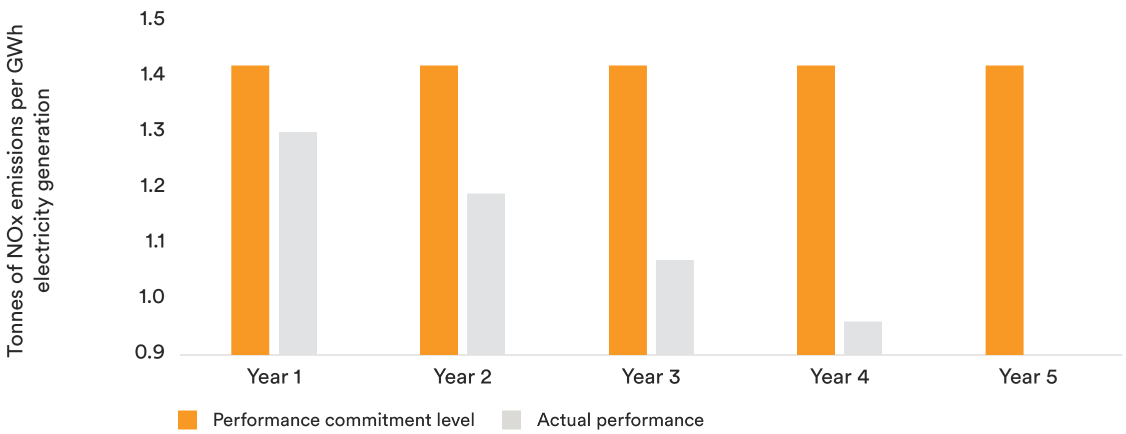
This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we outperformed our target. Our performance means that we earn an outperformance payment of £1.237 million*.

*See Appendix 3 for further details of the incentive calculation.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Better air quality' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	1.42	1.30	Pass
Two	2021/22	1.42	1.19	Pass
Three	2022/23	1.42	1.07	Pass
Four	2023/24	1.42	0.96	Pass

1.1 Outcome delivery

You're highly satisfied with our service and find it easy to do business with us

We are committed to delivering the best possible service for customers. We seek to offer customers the services that they want and value. We actively promote support for customers in vulnerable circumstances. We provide assurance that the quality of support for customers in vulnerable circumstances is of a leading standard by achieving and maintaining certification under ISO 22458:2022 Consumer Vulnerability – Requirements and guidelines for the design and delivery of inclusive services. This standard has evolved from the British Standards Institution (BSI) accreditation for inclusive service provision.

How have we done?

We have made five commitments about customer satisfaction and being easy to do business with. We have achieved four of these in year four and generated a net outperformance payment of £2.413 million.

We have continued to perform well in C-MeX, which is the measure used across the water industry to assess customer service and experience. We now have ten ways that customers can make contact with us, including traditional contact methods such as phone or post as well as email, social media and live chat. In year four we have seen a higher volume of complaints. We expect to achieve sixth place out of 17 water companies.

D-MeX is the measure of service and experience that we provide to developers (e.g. housebuilders). We expect to achieve sixth place out of 17 water companies.

We are really pleased to have retained the newly introduced ISO standard 22458:2022 Consumer Vulnerability – Requirements and guidelines for the design and delivery of inclusive service, which replaced the original BSI standard. We continued to increase the number of customers registered for our Priority Services. Over 400,000 customers are now registered with us.

We did not achieve our target for street works performance, which measures the quality and standard of our roadworks and reinstatements. We are continuing to work with our partners to try and improve this position.

Performance commitment	Actual performance Year four	Impact	Value (£m)
D01 – Customer experience (C-MeX)	78.30	Outperformance payment	1.725
D02 – Developer experience (D-MeX)	90.44	Outperformance payment	0.688
D03 – Priority Services for customers in vulnerable circumstances	12.4	Reputational	–
D04 – Improving street works performance	11.11	Reputational	–
D05 – Priority Services – BSI accreditation	Maintained	Reputational	–
You're highly satisfied with our service and find it easy to do business with us net position	4/5 achieved		2.413

D01

Customer experience (C-MeX)

Performance commitment description

This industry common measure is a measure of residential customer satisfaction. It is designed to incentivise companies to improve customer satisfaction by delivering a better overall customer experience and improving companies' handling of customer contacts. Each company receives a C-MeX score based on the results from two surveys:

- A customer service survey, which samples residential customers who have contacted their company which asks them how satisfied they are with how the company has handled their issue.
- A customer experience survey which samples randomly selected customers and asks them how satisfied they are with their company.

Incentive payments are calculated on the points of variance of UUW's score from the industry leader and industry median.

Performance summary

Performance continues to be positive in the fourth year of the AMP. At the end of year four, we expect to be sixth out of 17 companies. Our focus continues to be on being easy to contact and our speed of response with helpful and friendly support from our North West based contact centres and field teams.

Customers can contact us using ten different channels. As well as more traditional contact channels such as phone, post, automated telephony and by a visit to one of our main contact centre sites, we offer five online channels for customers to contact us.

These include:

- email – incoming contact via email;
- social media such as Facebook and Twitter;
- webform via our website;
- live chat; and
- the UUW app, which provides a direct channel for contacting the company, rather than only signposting other contact channels.

We have increased our priority services sign ups by over 107,000 customers this year and have maintained accreditation to the ISO Kitemark for vulnerability with zero non-conformances.

We track customer satisfaction daily and received over 17,000 complimentary messages from customers in year four through the WOW awards scheme, which solicits customer feedback following a contact. Since the scheme began, we've had almost 120,000 WOW messages. We use our customer satisfaction trackers and customer complaints to develop action plans to continuously learn and put in place improvement activities to meet customer's needs. We continue to promote our wide ranging affordability schemes (see page 71 for more information).

Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. Our performance this year generates an expected outperformance payment of £1.725 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Customer experience (C-MeX)' performance commitment – higher is better

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	n/a	83.59	Pass
Two	2021/22	n/a	82.01	Pass
Three	2022/23	n/a	81.26	Pass
Four	2023/24	n/a	78.30	Pass

D02

Developer experience (D-MeX)

Performance commitment description

D-MeX is a mechanism to incentivise water companies to provide an excellent customer experience for developer services customers. These customers include small and large property developers, self lay providers, new appointees and some residential customers that have new mains connections installed. Each company receives a D-MeX score based on two components:

- A qualitative component – a score summarising the performance of the company in a satisfaction survey of developer services customers; and
- A quantitative component – a score summarising the performance of the company across selected Water UK developer services performance data metrics.

Incentive payments are calculated based on the points of variance of UUW's score from the industry leader and the industry median.

Performance summary

Quantitative performance measures how well we perform against the common industry metrics. We expect to be tenth out of 17 companies achieving an average over the year of 99.84 per cent. The qualitative component involves a satisfaction survey of developer services customers. We expect to be sixth out of 17 companies achieving a score of 81.04. When averaged, our resulting performance is expected to be sixth out of 17 companies with an overall score of 90.44.

This year has seen an improvement in performance supported by the continued embedment of our operating model and business processes and the introduction of dedicated case managers and field support teams. Our new systems provide full visibility and control of the customer journey from application through to connection as well as providing self-service options through a mobile app. We continue to invest in greater training and development of our team.

We continue to offer significant sustainability discounts to developer customers who build water efficient homes and drain sustainably. For 2024/25, we have introduced a new 3 tier incentive scheme that encourages property level SuDS, flow regulators, leak checks and water re-use on top of our exiting requirements.

We have continued with technical forums (for both water and wastewater disciplines) and held our 'Developer Day' 2023/24. These events give us an opportunity to engage with and demonstrate our service improvements and upcoming regulatory changes such as the removal of income offset to developers. Held in October 2023, the 'Developer Day' discussed and shared our thoughts on:

- Charging: Exploring ways to support new sustainable development incentives;
- Smart Metering: Delving into the future landscape and the changes it entails;
- Water Customer Journey: Enhancing the experience for customers;
- Wastewater Customer Journey: Streamlining the journey for wastewater-related services;
- Operational Delivery: Emphasising water quality and the need to preserve it; and
- Customer Room: Making it effortless for customers to do business with us.

Financial implications

This performance commitment has both underperformance and outperformance outcome delivery incentives. Our performance this year generates an expected outperformance payment of 2.52 per cent of our 2023/24 developer services revenue, resulting in an expected outperformance payment of £0.688 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Developer experience (D-MeX)' performance commitment – higher is better

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	n/a	88.44	Pass
Two	2021/22	n/a	88.40	Pass
Three	2022/23	n/a	87.43	Pass
Four	2023/24	n/a	90.44	Pass

D03

Priority Services for customers in vulnerable circumstances

Performance commitment description

This industry common measure is designed to ensure a minimum standard across all companies for the number of households registered on the Priority Services Register (PSR) and verification of PSR data.

This performance commitment helps to increase the number of customers living in vulnerable circumstances that receive the most appropriate service to their needs. It helps ensure that we are incentivised to keep the register up to date.

This performance commitment consists of the following criteria with targets for each area:

- PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company's register.
- Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period.
- Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two year period.

To achieve compliance with this performance commitment target for reach, attempted contacts and actual contacts all need to be achieved.

Performance summary

We have performed well across all three criteria, achieving the year four targets for each element and, therefore, passing this performance commitment. This is made up of 150,046 new registrations and 42,549 de-registrations.

We have continued to train and develop our customer facing colleagues to spot the signs of vulnerability when interacting with customers, allowing them to take every opportunity to promote the scheme and register those who would benefit.

Our continued data sharing agreements with Electricity North West, SP Energy and Northern Powergrid, and our ongoing work with new and existing partners, enables us to promote our support services around the region, providing constant growth in registrations. Further data sharing agreements have been introduced for example with Lancashire fire and rescue. We work with regional utility companies (Electricity North West, Cadent Gas, Northern Gas Networks and SP Energy) via our 'North West Utilities Together' group, providing opportunities to develop our services and share best ways in supporting the same customers we all serve in our region.

In year four, we have continued to advertise/promote in targeted publications and attend events aimed at customers living in vulnerable circumstances. We have partnered with a new external organisation, Bounty that has enabled us to reach both new and expectant parents across our region letting them know about the support they can receive through the PSR. Building relationships and reaching out to new organisations has resulted in a brand new partnership with The Life Rooms. The Life Rooms is a free services part of Mersey Care NHS Foundation Trust, which provides a safe and welcoming space to meet others, access opportunities and learn about community resources.

We have increased our promotion on social media and local radio and continue to work with our external independent 'YourVoice Customer Affordability and Vulnerability Panel' to share and learn best practice.

Below is a table of households registered for the various activities. As a household can register for more than one service, the number of services provided is greater than the number of PSR customers registered. All PSR customers are routinely provided with additional support during supply interruptions. In June 2024, we published our draft vulnerability strategy. A copy of this can be found on our website at:

unitedutilities.com/help-and-support/priority-services/about-priority-services/our-priority-services-strategy

This sets out the services we provide and our approach to delivering them to those customers who need additional support. It provides information of how we meet, and, in many cases, exceed the minimum expectations set out in Ofwat's 'Service for all' vulnerability guidance.

Financial implications

This is a reputational performance commitment with no associated financial incentives for underperformance or outperformance. We have met our target for year four.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Service	Number of households
PSR households receiving support with Communication	14,161
PSR households receiving support with Mobility and Access restrictions	83,353
PSR households receiving support with Supply Interruptions	401,987
PSR households receiving support with Security	28,277
PSR households receiving support with Other Needs	119

Actual performance for the 'Priority Services for customers in vulnerable circumstances' performance commitment – higher is better

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	4.0	4.1	Pass
Two	2021/22	4.8	5.9	Pass
Three	2022/23	5.5	9.1	Pass
Four	2023/24	6.3	12.4	Pass

1.1 Outcome delivery

D04

Improving street works performance

Performance commitment description

This performance commitment measures the safety, quality and compliance of our street works activities in the public highway against the standard set out in the New Roads and Street Works Act (NRSWA) 1991. It seeks to drive improvements in the quality of our company's activities in the public highway from roadworks and traffic management setup through to the quality of our reinstatements. Compliance with the Act is made by our ISO accredited street works compliance team performing assessments on in-progress roadworks as well as reviewing the quality of reinstatements. The performance commitment definition is based on the number of instances of non-compliance.

Performance summary

Performance is measured on a monthly basis, helping us to identify trends and problematic areas quickly and put in place improvement measures with our contract partners. We aim to deliver a high standard of performance in this area to help avoid additional costs, such as having to complete rework on unsatisfactory reinstatements. Completing street works quickly and to a high standard reduces the impact on our customers in the North West.

Our year four target was to have less than 9.5 per cent non compliance in our assessments. We have failed to achieve our target and having made over 15,700 assessments, we ended the year with 11.11 per cent non-compliance. This represented an improvement on performance in the preceding two years. Assessments are made by the compliance team covering our contractor street works activity across the entire region.

In year four, performance has improved through a renewed compliance focus and continued engagement with our delivery partners. We will continue our efforts to improve performance in the final year of the AMP.

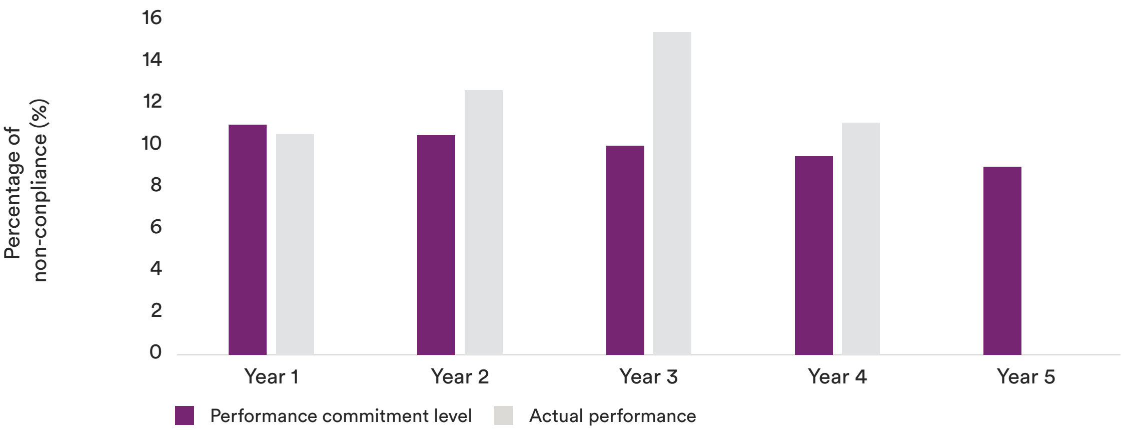
Financial implications

This is a reputational performance commitment with no associated financial incentives for underperformance or outperformance. We failed our target for year four.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Improving street works performance' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	11.00%	10.56%	Pass
Two	2021/22	10.50%	12.67%	Fail
Three	2022/23	10.00%	15.44%	Fail
Four	2023/24	9.50%	11.11%	Fail

D05

Priority Services – BSI accreditation

Performance commitment description

This performance commitment measures United Utilities' support for customers in vulnerable circumstances. It does this based on whether the company meets standards set by external accreditation providers. Securing this accreditation provides confidence that we are providing a fair, flexible and transparent service that can be used by all customers equally, regardless of their health, age or personal circumstances. The accreditation provides an independent assessment of this.

In years one and two of the AMP, UUW achieved certification for BS18477 from the BS Group. The BS standard has now evolved into ISO 22458:2022 Customer Vulnerability – Requirements and guidelines for the design and delivery of inclusive services. This is the standard we are adopting for years three to five of AMP7.

Performance summary

We achieved accreditation to the original BSI standard in March 2020 and maintained the accreditation during year one and year two of the AMP. In year three, we successfully gained accreditation to the new ISO standard, providing United Utilities with the Inclusive Service Kitemark certification and have maintained this standard for year four.

The standard continues to reach across the organisation and the assessment process looks at how we demonstrate our commitment to customer inclusion across:

- senior leadership;
- Priority Services;
- billing;
- income;
- service delivery;
- network enquiries;
- network field teams;
- training;
- communications;
- sustainability;
- legal; and
- external partners.

Financial implications

This is a reputational performance commitment with no associated financial incentives for underperformance or outperformance.
We have met our target for year four.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Priority Services – BSI accreditation' performance commitment

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	Achieved	Achieved	Pass
Two	2021/22	Maintained	Maintained	Pass
Three	2022/23	Maintained	Maintained	Pass
Four	2023/24	Maintained	Maintained	Pass

1.1 Outcome delivery

We will improve the way we work to keep bills down and improve services

We aim to keep future bills down for customers by helping more people to pay and seeking to ensure that all those receiving our services are being billed. We will continue to support customers who have affordability issues by ensuring that they are on the most suitable tariff and payment plan for their circumstances and employing other non-financial assistance schemes.

How have we done?

There are now nine performance commitments that support this outcome. In year four, Ofwat introduced a new commitment that incentivises United Utilities to deliver a competitive procurement of the Haweswater Aqueduct Resilience Programme (HARP) scheme that maximises value for money to customers through the procurement process. Performance for this will be assessed at the end of the AMP7 period. Of the remaining performance commitments in this outcome, we passed seven and generated a net outperformance payment of £14.525 million. In year four, we continue to lead the water industry in affordability and vulnerability assistance with a wide range of support schemes for customers. The continued use of data and analytics allows us to target campaigns towards those customer segments most at financial risk, promoting the support available and encouraging customers to contact us if they were struggling to pay their bill. We've increased our efforts to support customers impacted by cost of living increases with management of their bills by highlighting the support we have available. There are currently around 210,000 customers benefitting from affordability support, representing around six per cent of our household customer base.

We strive to improve our customer data in order to ensure that all those who use our services are correctly billed, which in turn ensures fairer bills for everyone. We have a number of performance commitments that support this. Our performance on voids has achieved its target this year, whilst we have outperformed our internal targets on gap sites for both households and non-households. We have utilised our non-household vacancy incentives scheme, which incentivises retailers to identify occupied non-household premises that are showing as vacant and therefore should be billed.

We have achieved our year four target for our systems thinking reputational performance commitment. This capability will deliver significant future benefits for customers across many areas of service. For example, the advancements in both proactive and reactive customer responses, will deliver quicker, better and cheaper responses to customer service disruption. This will allow us to be more resilient and minimise service disruption and will improve our capability in response and recovery.

Performance commitment	Actual performance Year four	Impact	Value (£m)
E01 – Number of customers lifted out of water poverty	84,060	Outperformance payment	2.823
E03 – Non-household vacancy incentive scheme	7,109	Outperformance payment	0.967
E04 – Gap sites (wholesale)	1,144	Outperformance payment	0.350
E05 – Gap sites (retail)	6,528	Outperformance payment	0.085
E06 – Systems Thinking capability	2	Reputational	–
E07 – Successful delivery of direct procurement of Manchester and Pennine resilience	Delivery date delayed	–	–
E09 – Customers say that we offer value for money	79	Reputational	–
E10 – Voids	3.70	Outperformance payment	10.303
HWDPC - Pre-procurement incentive for HARP	0	–	–
We will improve the way we work to keep bills down and improve services net position	8/9 achieved		14.528

1.1 Outcome delivery

E01

Number of customers lifted out of water poverty

Performance commitment description

This measure commits us to providing additional support to customers in water poverty, primarily through the effective promotion of discounted social and support tariffs. In addition, it ensures support is effectively targeted at those most in need by only recognising this support where it acts to lift a customer out of water poverty, which we define as spending more than 3 per cent of income on their water bill. We are targeting 66,500 customers being lifted out of water poverty by 2024/25, which represents a 45 per cent increase compared to support levels in 2017/18.

Performance summary

Actual performance for this commitment in 2023/24 was 84,060 customers lifted out of water poverty. This consisted of customers benefitting from our Help to Pay (34,612), Back on Track tariff (45,979) and our WaterSure Scheme (3,469).

We are a leader in the water industry in affordability and vulnerability assistance, with a wide range of support schemes for customers, many of which are firsts for the industry. Over the last five years, we've won a number of industry awards recognising our approach to supporting vulnerable customers and our innovative use of technology. Using advanced data and analytic capabilities, we have been able to focus our efforts on supporting the customer segments at greatest financial risk, promoting the support available and encouraging customers to contact us if they are struggling to pay their bill. These schemes have helped over 370,000 customers since the beginning of the AMP, with C.210,000 customers currently benefitting from United Utilities' affordability support, representing around six per cent of our household customer base. We've increased our efforts to support customers impacted by the cost of living increases with management of their bill payments by highlighting the support we have available. In April 2022, we updated our social tariff eligibility again in response to cost of living pressures, enabling us to continue to support customers during these difficult times.

We have been actively promoting the additional support available during customer conversations, on our website/social media, via money advisers and during targeted mailings to customer segments most likely to experience difficulty making payments. We are monitoring customer payment behaviour to proactively identify customers who are showing signs of struggling to pay and have sent over 540,000 early intervention emails with tailored messaging designed to increase awareness of the support we and third-party organisations can offer. We have run a number of supplementary campaigns highlighting to customers that we are here to help, whether that be through bill support or more flexible payment plans. In July 2023, we relaunched a new look North West Hardship Hub; making it publicly accessible for the first time allows customers across the region to access a wealth of support available from over 200 organisations. Over 14,000 customers have visited the site since its launch. The Hardship Hub can be found at:

hardshiphub.co.uk

We have delivered a number of initiatives to further improve the accessibility of our affordability support schemes. In September 2023, we introduced a partnership with Money Wellness, which provides free confidential debt advice and ongoing support, budgeting tips and tools to help customers money go further and access to free counselling to help improve financial wellbeing. We are now able to offer a direct referral service enabling customers to book an appointment and access wider debt advice.

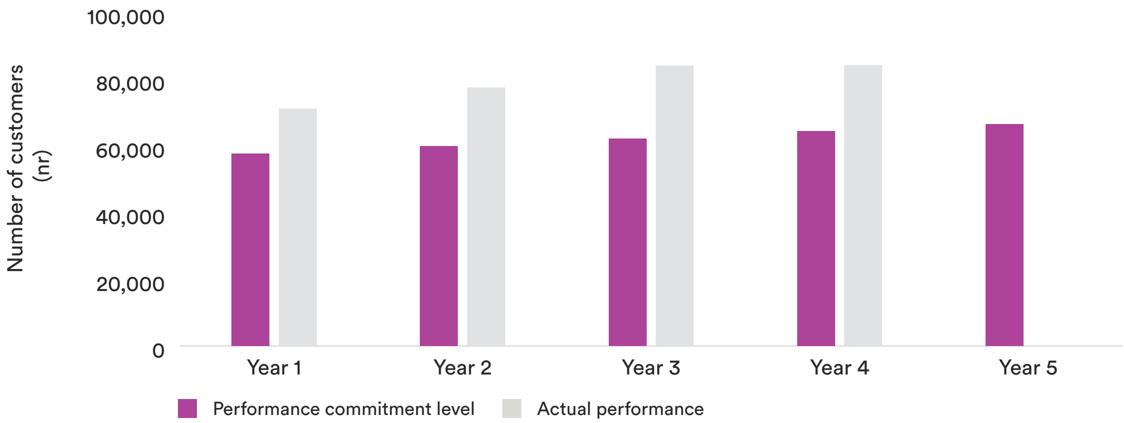
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £2.823 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Number of customers lifted out of water poverty' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	57,600	71,057	Pass
Two	2021/22	59,800	77,312	Pass
Three	2022/23	62,100	84,002	Pass
Four	2023/24	64,300	84,060	Pass

1.1 Outcome delivery

E03

Non-household vacancy incentive scheme

Performance commitment description

This measure incentivises business retailers who work in our region to identify occupied properties that are showing as 'vacant' within the Central Market Operator System and register them as 'occupied'. For charges to be correct, it is essential that the occupancy status of each property is marked correctly within the market, i.e. whether the property is 'occupied' or 'vacant'. We recognise the importance of ensuring that all customers are billed appropriately and, therefore, we have introduced a financial incentive. The incentive payments will provide for costs of administering the incentive and payments to retailers, while still providing a net benefit to customers from the additional revenue gained from billing previously unbilled properties.

Performance summary

In year four, we recognised 7,109 vacancy resolutions by retailers. Whilst this is an increase of just over 1,000 compared to year three, we expect our performance for the final year of the AMP to reduce as the occupancy status of more vacant premises have been verified.

The incentive scheme process has matured and retailers have established their processes to accurately identify occupiers. We continue to work with retailers to improve application success.

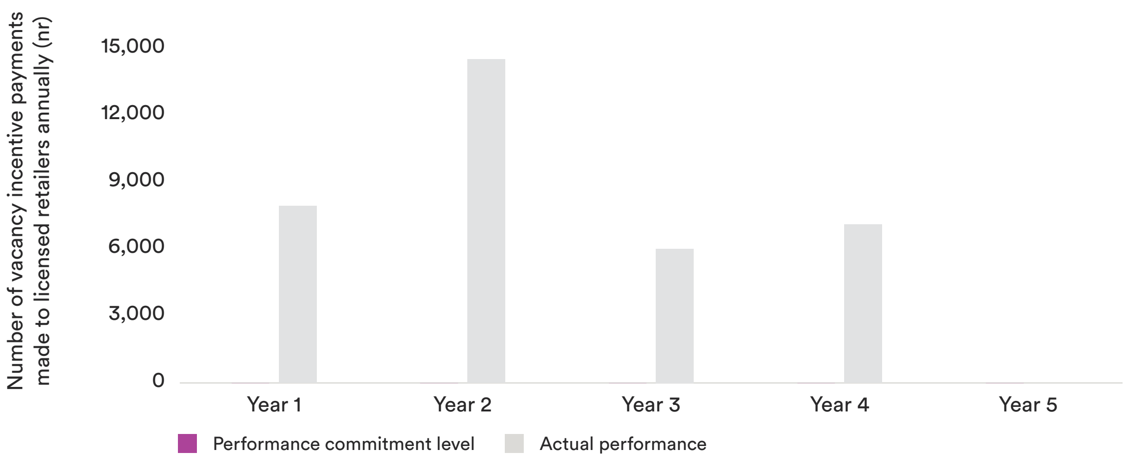
Financial implications

This performance commitment is subject to outcome delivery incentives for outperformance only. In year four, we achieved 7,109 resulting in a total outperformance payment of £0.967 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Non-household vacancy inventive scheme performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	7,940	Pass
Two	2021/22	0	14,519	Pass
Three	2022/23	0	6,022	Pass
Four	2023/24	0	7,109	Pass

1.1 Outcome delivery

E04

Gap sites (wholesale)

Performance commitment description

This measure is designed to encourage retailers to identify non-household properties where water and/or wastewater services are being used, but where the property is not being billed ('gap sites'). Identifying these sites will recover new revenue from those customers, so keeping bills down for customers overall. The measure will facilitate incentive payments to retailers who identify customers who are not being billed or are only being partially billed. The performance commitment records the number of incentive payments made by UUW to business retailers who identify non-household premises using water or wastewater services that are not registered within the Central Market Operator System (CMOS). The CMOS system records all business customers and connects wholesalers and retailers in the market.

Performance summary

In year four, we have maintained our good performance and have registered 1,144 gap sites following successful retailer applications. Our performance level in the final year of the AMP is expected to remain stable in line with retailer efforts to identify properties. Formal targets are not set in advance for this performance commitment; performance reflects the number of sites identified in any period.

As retailers identify potential gap sites to us, we check and verify this information to make sure each is a valid gap site. Once confirmed, we register the premises in the CMOS. Our reported performance therefore reflects the number of additional sites registered in the market. Incentive payments to business retailers are made following the receipt of invoices.

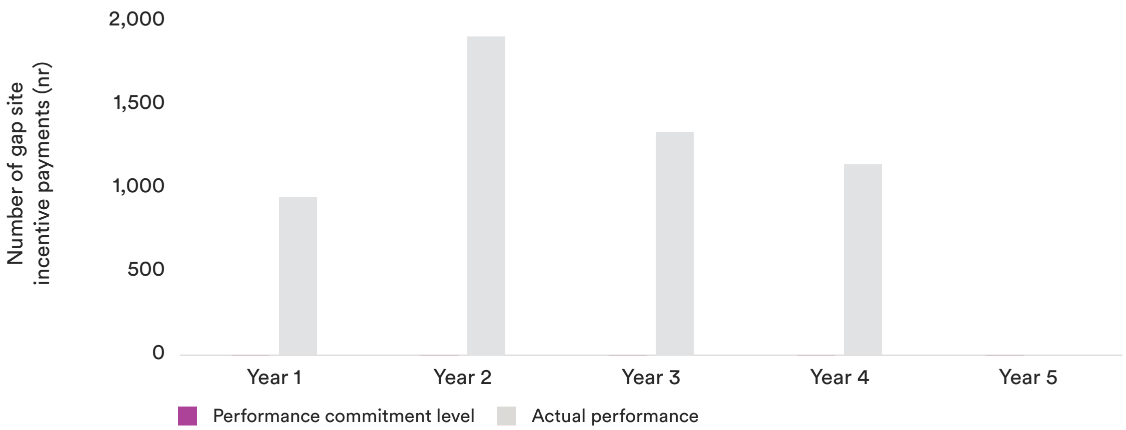
Financial implications

This performance commitment is subject to outcome delivery incentives for outperformance. In year four, we achieved 1,144 gap site resolutions, resulting in a total outperformance payment of £0.350 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Gap sites (wholesale)' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	949	Pass
Two	2021/22	0	1,912	Pass
Three	2022/23	0	1,339	Pass
Four	2023/24	0	1,144	Pass

E05

Gap sites (retail)

Performance commitment description

This performance commitment measures the number of household properties in our area that we identify where water and/or wastewater services are being used, but the property is not known to the company ('gap sites'). Identifying and billing all properties will result in a fairer distribution of water charges across all customers. This measure has been designed to provide a cost recovery mechanism so that we carry out activities to maintain and enhance data quality for all the properties we serve.

Performance summary

In year four, we recognised the identification of 6,528 gap sites in total which is around 2,500 less than year three. Variance to previous years is due to the improvements made to the end to end process for new build properties; this, along with the data cleanse and continual review of older properties has meant that less gap sites are being located. We expect our performance level in the final year of the AMP to be lower still as the volume of gap sites available is reduced.

Formal targets are not set in advance for this performance commitment; performance reflects the number of sites identified in any given year.

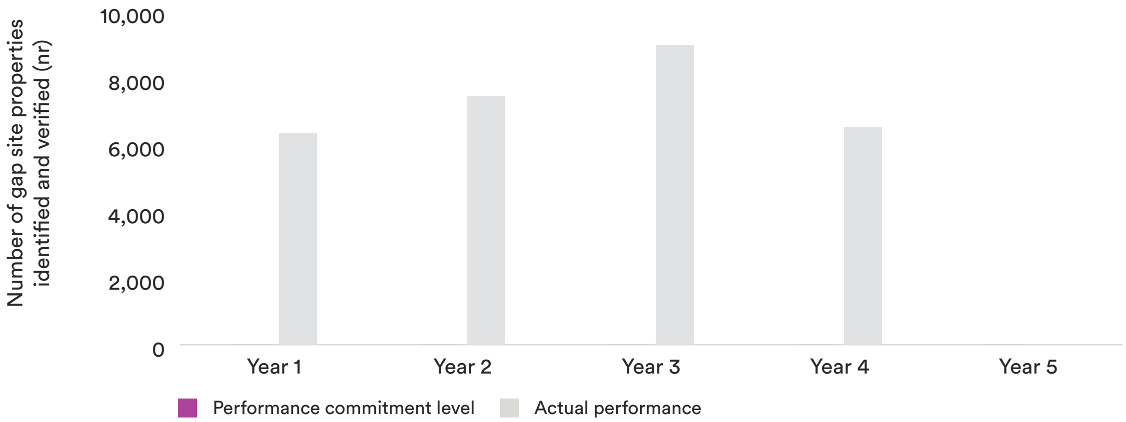
Financial implications

This performance commitment is subject to outcome delivery incentives for outperformance. In year four, we achieved 6,528 in total, resulting in an outperformance payment of £0.085 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Gap sites (retail)' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	0	6,349	Pass
Two	2021/22	0	7,455	Pass
Three	2022/23	0	8,986	Pass
Four	2023/24	0	6,528	Pass

1.1 Outcome delivery

E06

Systems Thinking capability

Performance commitment description

Systems Thinking involves learning about the interaction of the individual components of a system, understanding the system as a whole, and using this to identify patterns and predict performance. For a water and wastewater company, this means, rather than operating an asset or treatment works in isolation, we use telemetry data from our assets, along with knowledge about the wider environment in which we work and digital advances, such as artificial intelligence, to understand the broader systems perspective, predict where issues may arise and make decisions. Techniques such as machine learning are enabling us to automate some of these decision making processes.

This performance commitment measures delivery of our corporate strategy to embed a systems thinking approach through innovations and improvements in capabilities such as production planning, operational monitoring and control and asset lifecycle management.

The methodology for assessing capability maturity has been developed with external leaders in systems thinking and has been assured and benchmarked against companies outside the water sector.

Performance summary

This measure is based upon an assessment of a suite of capabilities, undertaken by external experts Accenture. In February 2020, prior to year one, we were baselined at maturity level one and aim to reach level two by the end of the AMP7 period. Maturity level two was achieved against all capabilities in February 2022. Following the latest assurance review completed in February 2024 this validated that we have maintained our 2023 position with three of our core capabilities (Asset Lifecycle Management, Customer Experience and Scheduling) being assessed at Level 3 maturity with the remaining five capabilities (Operational Monitoring, Operational Control, Production Planning & Optimisation and Process Excellence) being assessed at Level 2.

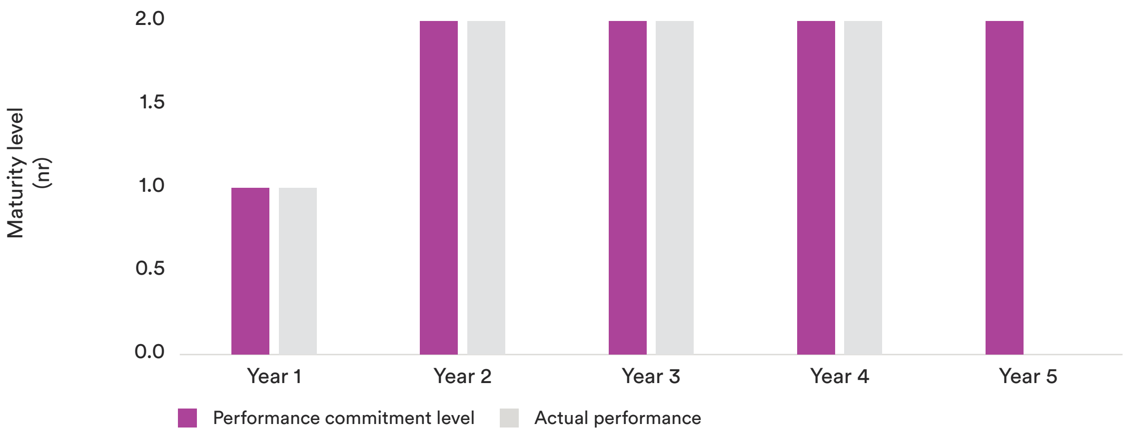
Financial implications

This is a reputational performance commitment with no associated financial incentives for underperformance or outperformance. We have met our target for year four.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Systems Thinking capability' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	1	1	Pass
Two	2021/22	2	2	Pass
Three	2022/23	2	2	Pass
Four	2023/24	2	2	Pass

E07

Successful delivery of direct procurement of Manchester and Pennine resilience

Performance commitment description

The Haweswater Aqueduct Resilience Programme (HARP) scheme will represent one of the largest infrastructure projects in the UK, improving resilience of water supplies to customers in Manchester, Cumbria and Lancashire. This measure focuses on advancement of the HARP scheme via the Direct Procurement for Customers (DPC) process in a way that demonstrates value for money to customers, whilst providing an example for the industry and building capability for DPC activities across the sector. Achievement will be assessed following the appointment of a competitively appointed provider (CAP) to design, build, finance and maintain the scheme at such time the contract between United Utilities and the CAP has been signed and its terms are fully effective. The performance commitment is set so that, if a contract was awarded before 1 May 2023, meeting Ofwat's qualifying criteria, we will receive an outperformance payment of £5.740 million.

Performance summary

The Haweswater Aqueduct Resilience Programme will be a pathfinder scheme for the DPC process. This process is both novel and untested in the water sector, and the HARP scheme itself is complex and sizeable. The scheme has been impacted initially by the COVID-19 pandemic in addition to the challenge of developing the detailed framework to support this procurement model. When coupled with the size and the complexity of the programme we have failed to award a contract within the 1 May 2023 deadline.

Financial implications

This performance commitment is subject to an outcome delivery incentive for outperformance only and will be reconciled at the end of the AMP when our final performance level for the five years will be known. In year four, we have failed our target.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Successful delivery of direct procurement of Manchester and Pennine resilience' performance commitment

AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	In progress	On track	Pass
Two	2021/22	In progress	On track	Pass
Three	2022/23	In progress	On track	Pass
Four	2023/24	1 May 2023 contract award	Delivery date delayed	Fail

E09

Customers say that we offer value for money

Performance commitment description

Assessing customers' views on the overall value for money provided by UUW for provision of water and wastewater services is an important factor in understanding drivers of legitimacy with customers. Alongside other measures of household customer service, such as C-MeX, a value for money measure can give insight into customers' perception of UUW service levels and corresponding bills. Value for money performance is assessed based on the results of customer surveys asking United Utilities household customers: 'How satisfied are you with value for money of water and sewerage services in your area?'

Performance summary

We have achieved a score of 79 per cent against a target of 74 per cent in year four, having implemented a coordinated and visible engagement plan. This score is taken from the annual Consumer Council for Water (CCW) report 'Water Matters'. The CCW research is undertaken in the form of an annual telephone survey conducted across a representative sample of household water bill-payers in England and Wales. The purpose of this is to measure and track customers' views in respect of a range of services supplied to them by their water and sewerage service provider(s).

Communication is critical if we are to maintain a high value for money rating as this helps to improve customers' understanding of what we do.

Households continue to be impacted by the cost of living pressures. High inflation, coupled with high energy bills, continues to impact customers in terms of household incomes and is affecting their ability to pay. As consumers are struggling with all bills, there is increased dissatisfaction with water charges, reducing the perception around value for money. Throughout 2023 and into 2024, we have continued to amplify the ways we can support customers with targeted promotion of our financial assistance schemes, initiatives such as lowest bill guarantee for those who could save by switching to a meter and how customers can manage their accounts through services like the App and My Account.

Alongside this, we have undertaken a series of campaigns throughout the year to raise awareness of a range of initiatives, including messages on 'Stop the Block', water efficiency, 'Winterwise' and leakage. We work to promote our app and online account services alongside other activities. These campaigns help to engage customers in the services that we provide, illustrating a wide range of initiatives of interest to our customers.

We are continuing to send a regular newsletter to those customers who have registered for our My Account service, providing help and support on a broad range of topics including bill support, money saving advice, environmental performance, priority services register and career opportunities. We continue to engage with and utilise best practice in customer insight using all aspects of research from business as usual activities and input from our online customer panels. We know that the best approach to engaging customers is through the use of specific, targeted messages with timely and relevant information. All our communication campaigns aim to engage customers in the North West, enhancing their awareness of what we do as a service provider so they have a better understanding of what their bill pays for.

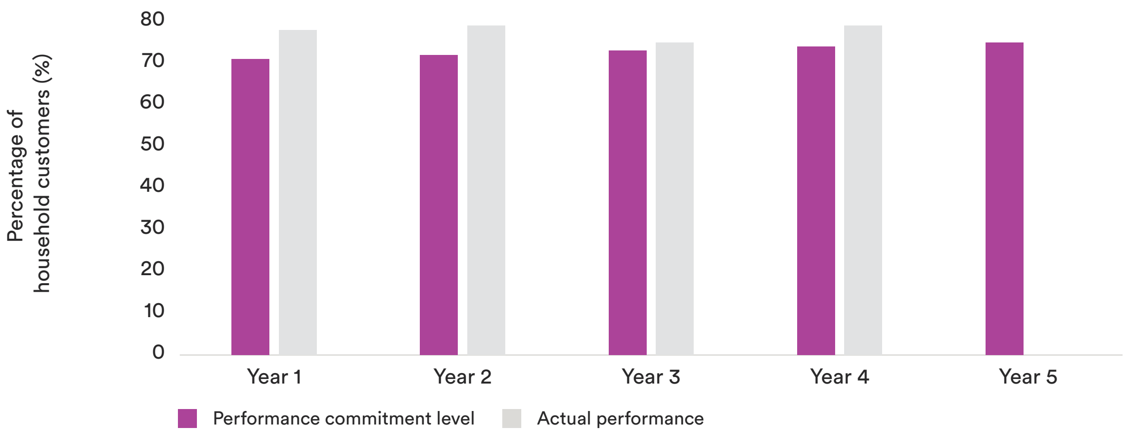
Financial implications

This is a reputational performance commitment with no associated financial incentives for underperformance or outperformance. We have exceeded our target for year four.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details

Actual performance for the 'Customers say that we offer value for money' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	71%	78%	Pass
Two	2021/22	72%	79%	Pass
Three	2022/23	73%	75%	Pass
Four	2023/24	74%	79%	Pass

1.1 Outcome delivery

E10

Voids

Performance commitment description

This measures the number of household properties classified as void as a percentage of the total number of household properties served by the company. Void properties are defined as properties which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no known occupants. The proportion of void properties is measured as an average over the year.

This performance commitment is designed to incentivise the company to reduce the number of household void properties. The reduction in void properties, which are occupied but not billed, will lead to fairer charges between customers and lower bills for customers already being billed.

Performance summary

In year four, we have reduced the number of voids to 3.70 per cent of household properties, outperforming our target of 5.53 per cent by the end of year four. We continued to drive performance through established systems and processes, developed to manage our void process, part of a robust void management strategy in place including:

- a portal that allows information on our full void property base to be refreshed on a monthly basis, allowing updated information to be reviewed and scored for confidence, enabling us to engage with a wide number of households;
- our process that provides sale alerts on void properties. This enables earlier identification of new occupants and ensures that communications can be sent to named occupiers, ensuring a better engagement rate, and, ultimately, leading to more occupants being moved in quicker; and
- our void app. This enables field and office based employees to identify and submit feedback on void properties that they come across as part of their normal duties to the Property Management team, who are then able to contact and successfully move in occupants of properties where indications of occupancy were observed. The combination of these initiatives enables the continued reduction in void properties and will support further significant reductions across AMP7.

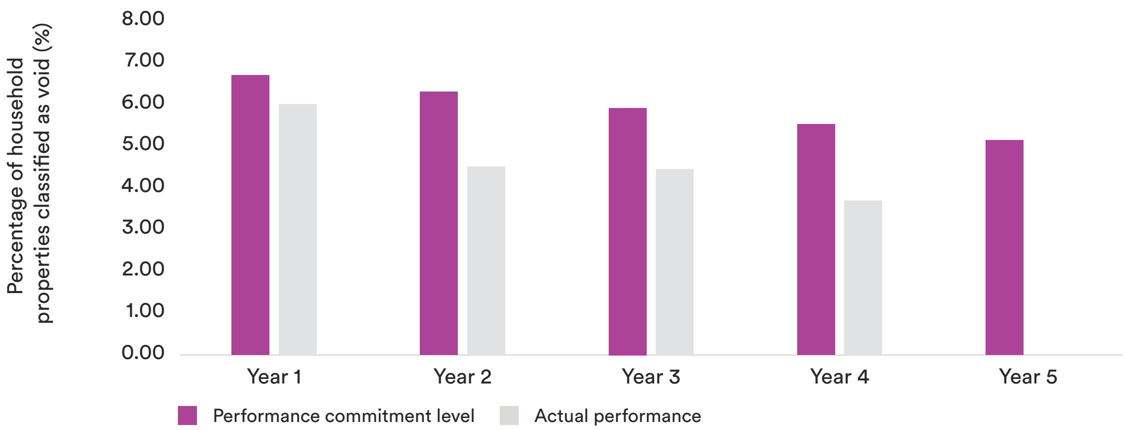
Financial implications

This performance commitment is subject to outcome delivery incentives for outperformance. In year four, we exceeded our target resulting in an outperformance payment of £10.303 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the ‘Retail voids’ performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	6.70%	6.01%	Pass
Two	2021/22	6.31%	4.51%	Pass
Three	2022/23	5.92%	4.45%	Pass
Four	2023/24	5.53%	3.70%	Pass

HW
DPC

Pre-procurement incentive for HARP

Performance commitment description

The Haweswater Aqueduct Resilience Programme (HARP) scheme will represent one of the largest infrastructure projects in the UK, improving resilience of water supplies to customers in Manchester, Cumbria and Lancashire. Provision of the Haweswater Aqueduct Resilience Programme by way of Direct Procurement for Customers (DPC) is expected to deliver financial savings and promote innovation. The purpose of this performance commitment is to incentivise United Utilities to deliver a competitive procurement that maximises value for money to customers through the procurement process itself.

This is a new performance commitment introduced during the process in recognition of the scale and complexity of the programme. The performance commitment seeks to maximise the value from the appointment of the Competitively Appointed Provider through a DPC procurement and obtain the most efficient cost for the delivery of the project; it shall remain in place for the duration of the procurement stage only. The current programme indicates the procurement process shall conclude within the current price control period (where the current price control ceases on 31 March 2025). The outperformance payment that United Utilities could earn from the pre-procurement incentive is to be determined by taking the assessed Value for Money achieved and applying the incentive rate set. The outperformance payment will be determined by applying the incentive rate to the Value for Money achieved (as assessed by Ofwat) up to a maximum payment of £14 million. Where the Value for Money Achieved is less than or equal to £0 million, no outperformance is incurred under the incentive.

Performance summary

No deliverables were due in year four of the AMP and therefore no outperformance payments apply.

Financial implications

This performance commitment is subject to outcome delivery incentives for outperformance only, and will be reconciled at the end of the AMP when our final performance level for the five-year period will be known. In year four, we are on target.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

1.1 Outcome delivery

Collect and recycle wastewater

Customers rightly prioritise the removal of wastewater as a discreet service which should not interfere with their day-to-day lives. Operational issues such as blockages are the principal cause of incidents of surcharging drainage systems, which can lead to flooding and pollution incidents. There is strong customer and stakeholder support for reducing both flooding and pollution incidents which we will achieve through innovative technologies and planned programmes to proactively manage our risks.

How have we done?

We passed both of the two performance commitments that support this outcome. This resulted in a net outperformance payment of £2.338 million.

We recorded a total of 1,030 sewer collapses, which, when normalised by 1,000km of sewer length, equates to a performance level of 13.01. This is better than our performance commitment of 13.68 per 1,000km of sewer. This positive performance is a result of the proactive approach we have embedded through new technology, our operating model and increased technical verification of each individual incident.

For sewer blockages, we recorded 17,986 incidents. This is our best ever performance and beats our performance commitment of 19,656 incidents. When our performance over AMP7 is normalised, to date we are industry leading in this measure. For both measures, we continue to develop and implement a wide variety of schemes and initiatives to improve our performance.

Performance commitment	Actual performance Year four	Impact	Value (£m)
F01 – Sewer collapses	13.01	–	–
F02 – Sewer blockages	17,986	Outperformance payment	2.338
Collect and recycle wastewater net position	2/2 achieved		2.338

1.1 Outcome delivery

F01

Sewer collapses

Performance commitment description

This common performance commitment measures the number of sewer collapses per 1,000km of sewer. This measure seeks to reflect failure due to structural weakness in our assets, which cause an impact on service to customers or the environment. The measure discounts proactively identified collapses, collapses caused by third-party damage, manhole damage and internal backdrops. Displaced joints, cracked or fractured pipes, open joints, intruding connections, minor pipe breaks and hard blockages do not reflect significant structural failure, hence are excluded from the measure.

Performance summary

In year four, we recorded a total of 1,030 sewer collapses, which, when normalised by 1,000km of sewer length, equates to a performance level of 13.01. This is better than our performance commitment of 13.68 per 1,000km of sewer.

We continue to realise the benefit of our Dynamic Network Management (DNM) operating model. Through our innovative use of monitors, and a dedicated offline team reviewing information, this model enables us to understand where there is deviation from the standard operation of the network. This allows us to identify and proactively prevent potential collapses before they have an impact on customers, and in turn benefits the overall performance we have seen in the first four years of AMP7.

We have enhanced our incident guidance for our operational teams and have put robust processes in place to ensure each incident is separately verified by our drainage engineers so as to better record and understand asset performance.

Where collapse incidents do occur, we look to promote 'no-dig' techniques for repairing sewers, minimising disruption to our customers.

We continue to develop and implement a wide variety of schemes and initiatives to improve our collapse incident performance, and this area remains a significant area of innovation for United Utilities.

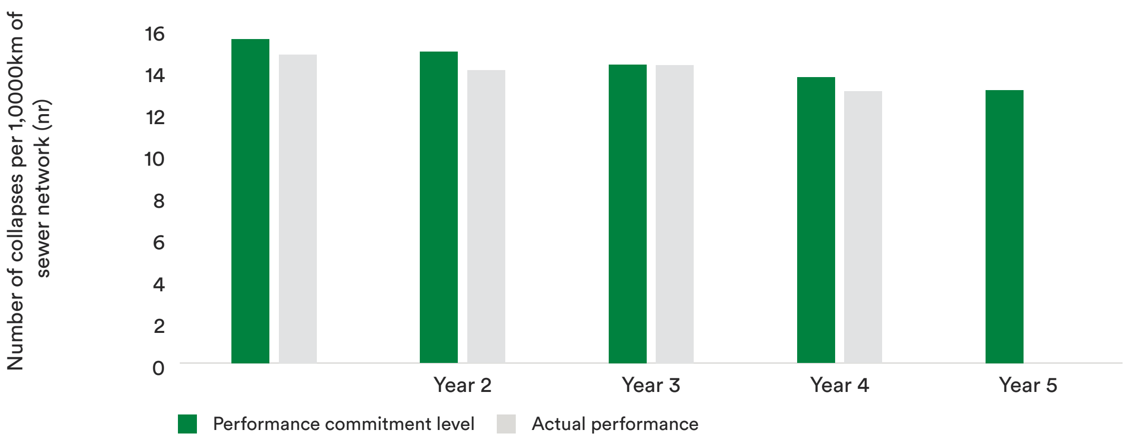
Financial implications

This performance commitment is subject to an outcome delivery incentive for underperformance only. In year four, we outperformed our performance commitment and, therefore, we incur no underperformance payment.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Sewer collapses' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	15.51	14.77(1)	Pass
Two	2021/22	14.90	14.01(1)	Pass
Three	2022/23	14.29	14.27(1)	Pass
Four	2023/24	13.68	13.01	Pass

(1) Historic data has been restated to reflect prior year adjustments. Further information is provided on page 94.

1.1 Outcome delivery

F02

Sewer blockages

Performance commitment description

This is a bespoke measure adopted from Ofwat's asset health list. Sewer blockages in AMP6 were a sub-measure of our network performance index, but are now a standalone measure in AMP7. A blockage is defined as an obstruction in the sewer that has been reported and cleared. Blockages resulting from third-party interference are included. This measure does not include proactively cleaned silt or other blockages that are removed which are not reported to us by customers or stakeholders and have no customer impact.

Performance summary

Our blockages performance of 17,986 incidents is a continuation of our year-on-year improvement and beats our performance commitment of 19,656 incidents. This is our best ever performance, and when normalised, we are industry leading to date in this measure over AMP7.

Whilst blockages from our existing assets have reduced over the long term, the proportion of blockages from transferred assets has continued to remain stable. Historically, United Utilities Water's pre-existing assets benefitted from a programme of maintenance that has kept them in better condition, whilst transferred assets were in varying degrees of asset condition when transferred to us from private ownership in 2011. Transferred assets are, typically, smaller in diameter than existing assets, meaning that they tend to be more prone to blockages, particularly during times of stress due to increased load or demand. They are, typically, subject to a higher percentage of blockage incidents due to customer misuse.

We continue to develop and implement a wide variety of schemes and initiatives to improve our performance. These include the implementation of a regional blockage plan focusing on increased customer engagement. We have continued to use the impactful 'Stop the Block!' identifier to badge our communications campaign activities in raising awareness of 'what not to flush/pour'. We are continuing to work with food service establishments to reduce fats, oils and grease discharges at source.

Whilst it is difficult to quantify an exact relationship between the success of our awareness campaigns and blockage reduction, we are confident that they are effective, and we have experienced a reduction in customer misuse related blockages between 2022/23 and 2023/24 in the region of 1,800 incidents.

We are seeing the benefits of investment in our Dynamic Network Management (DNM) model, with our in-sewer monitors telling us when blockages are forming, allowing our dedicated blockage teams to proactively attend site to resolve the issue before a customer experiences a service interruption and needs to contact us. During 2023/24, DNM allowed our teams to proactively identify 2,081 potential blockages.

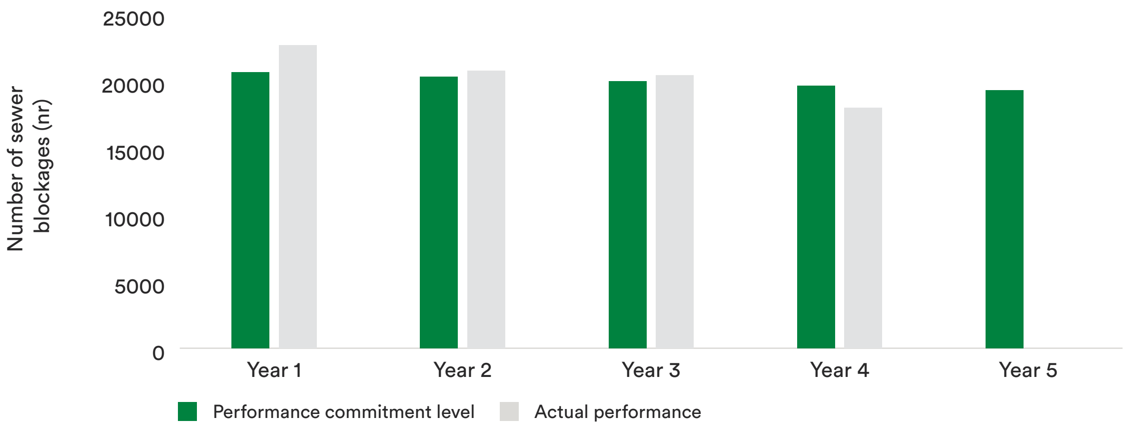
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we passed our target. Our performance means that we generate an outperformance payment of £2.338 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'Sewer blockages' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	20,664	22,674(1)	Fail
Two	2021/22	20,328	20,765(1)	Fail
Three	2022/23	19,992	20,318(1)	Fail
Four	2023/24	19,656	17,986	Pass

(1) Historic data has been restated to reflect prior year adjustments. Further information is provided on page 94.

1.1 Outcome delivery

The risk of sewer flooding for homes and businesses is reduced

Sewer flooding is one of the worst service failures that customers can experience and we understand the significant long-term impact flooding can have on customers in the North West. Customers want us to reduce flooding incidents that occur and our long-term aspiration is to eliminate internal flooding incidents.

How have we done?

We have successfully achieved four out of the six performance commitments that support this outcome, resulting in a net underperformance payment of £9.607 million.

For internal flooding, we recorded a total of 1,509 internal flooding incidents, which, when normalised per 10,000 connections, equates to a performance level of 4.35. For external flooding, we recorded a total of 7,063 external flooding incidents against our performance commitment of 6,106. Both of these outcomes were worse than the level targeted in the relevant performance commitments.

In year four, we have experienced prolonged wet weather conditions, alongside a high number of Met office named storms. This has led to an extremely challenging year for our flooding performance. Despite the negative impact of the weather, we continue to develop and implement a wide variety of schemes and initiatives to improve our flooding performance. These include the deployment and development of our Dynamic Network Management (DNM) operating model, our successful customer engagement campaigns, enhanced incident targeting and management of surface water and development.

With regard to raising customer awareness to reduce the risk of sewer flooding, we have experienced really positive performance again this year due to our continued promotion of impactful messaging to customers. This includes our 'Stop the Block' campaign and our sponsorship of ITV Granada/Border weather bulletins, where we have adverts illustrating preferred customer behaviour of putting wet wipes and used cooking oils/fats in the bin. We ended the year with a 73.3 per cent customer awareness score, which is 48.1 per cent over our baseline and 40.1 per cent above the level required by the performance commitment.

Under our two hydraulic flood risk resilience measures, we continue to implement a range of projects. These include major capital schemes, smaller hydraulic projects and cellar disconnections. These projects contribute to a reduction in the overall hydraulic risk score, which means that, in real terms, fewer customers will experience flooding at their properties as a result of hydraulic inadequacy. In both instances, this has led to the generation of an outperformance payment.

Performance commitment	Actual performance	Impact	Value (£m)
	Year four		
G01 – Risk of sewer flooding in a storm	14.20	Reputational	–
G02 – Internal flooding incidents	4.35	Underperformance payment	-14.582
G03 – External flooding incidents	7,063	Underperformance payment	-6.163
G04 – Customer awareness of the risk of flooding	48.1	Outperformance payment	3.449
G05 – Hydraulic internal flood risk resilience	39.57	Outperformance payment	7.250
G06 – Hydraulic external flood risk resilience	177.47	Outperformance payment	0.439
The risk of sewer flooding for homes and businesses is reduced net position	4/6 achieved		-9.607

G01

Risk of sewer flooding in a storm

Performance commitment summary

This is an industry common measure to understand the percentage of the population at risk of internal flooding resulting from hydraulic sewer flooding in a 1-in-50 year storm, based on modelled predictions. We use 2D models to calculate performance. A property is considered affected if modelled flooding from a manhole or gully reaches the actual property building. An occupancy rate is then applied to the affected property to determine the population equivalent. This measure is not incentivised through outperformance or underperformance payments and so is a reputational only measure. A reduction in the percentage of population at risk signifies an improvement in performance.

Performance summary

This year, we have seen the percentage of population at risk of hydraulic internal sewer flooding in a 1-in-50 year storm decrease to 14.20 per cent. This performance is 0.92 per cent better than our performance commitment level of 15.12 per cent.

As described above, performance under this measure is a function of both changes in population and modelled flood risk, together with the underlying accuracy of our models. Any building development on areas that are already prone to flooding may impact this modelled performance. We continue to invest in and improve our modelling capability to increase our understanding of the population at risk of flooding.

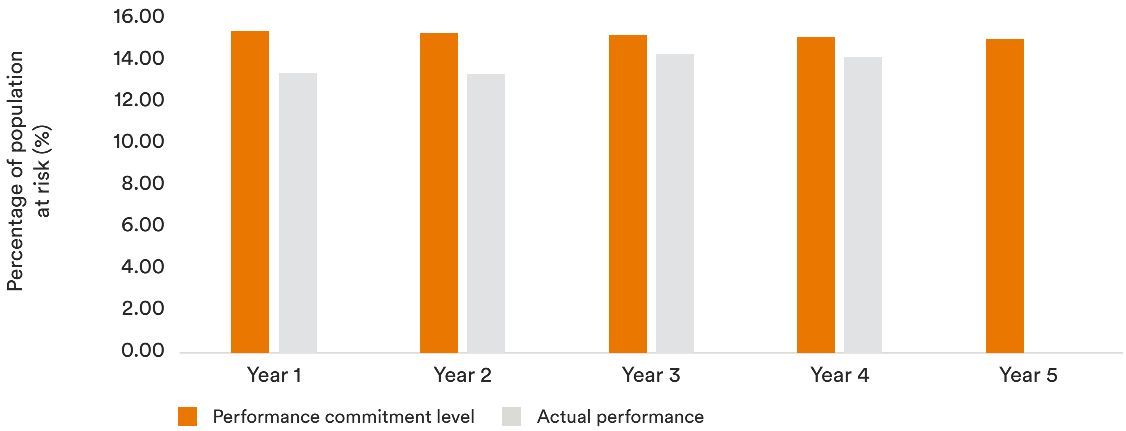
Financial implications

This performance commitment is only subject to a reputational based incentive and there are no financial implications associated with either underperformance or outperformance.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Risk of sewer flooding in a storm' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	15.44%	13.42%	Pass
Two	2021/22	15.33%	13.35%	Pass
Three	2022/23	15.22%	14.33%	Pass
Four	2023/24	15.12%	14.20%	Pass

G02

Internal flooding incidents

Performance commitment description

This is an industry common measure that measures the number of internal flooding incidents per 10,000 connections per year. Internal flooding is defined as flooding that enters a building or passes below a suspended floor. In this context, buildings are defined as those, normally, used for residential, public, community, commercial, business or industrial purposes. Severe weather incidents are included in this measure. Performance improvements are shown by reductions in the number of incidents. As a common measure, the reporting methodology is consistent with the industry definition at the time of reporting. Damp patches caused by seepage through walls or floors, or those due to surface water run off that has not originated from a public sewer, but which inundates the wastewater network, are excluded from the measure.

Performance summary

In year four, we recorded a total of 1,509 internal flooding incidents, which, when normalised per 10,000 connections, equates to a performance level of 4.35. This is worse than our performance commitment of 1.44 per 10,000 connections (or 500 incidents).

Whilst it is disappointing not to achieve the performance commitment, we continue to develop and implement a wide variety of other schemes and initiatives to improve our internal flooding performance. These include our successful customer engagement campaigns, enhanced incident targeting, increased mitigation and protection of properties, management of surface water and development and dedicated blockage teams to respond to incidents faster.

These initiatives are supported by enhancements in the way we operate, most notably the continued deployment and development of our Dynamic Network Management (DNM) operating model. Under DNM, our in-sewer monitors tell us when issues are forming, allowing our teams to proactively attend site to resolve the issue before a customer experiences a service interruption and needs to contact us.

In addition, we acknowledge that year four has, on the whole, been an unusually wet year. This year we experienced the wettest 12-month period since 1871 for Greater Manchester, Merseyside and Cheshire, and the second wettest overall for the North West as a region. This has meant our hydraulic flooding incidents have been higher than usual. In the North West, we recognise that we remain disproportionately, susceptible to severe weather. The region has a combination of exogenous factors, including C.40 per cent higher than average urban rainfall and the highest proportion of combined sewers in the industry. These factors increase internal flooding risk relative to other operating regions.

As described later in this section, our 'Hydraulic Flood Risk Resilience' measure (G05), focuses on reducing hydraulic flooding. Since the start of AMP7, we have completed a mix of capital and small project work across our region, ranging from upsizing of sewers and the construction of storm tanks to disconnecting low level property drainage to our sewer network and installing pumped solutions. In doing so, we have reduced or removed risk of internal sewer flooding to over 95 customer properties, many of which flooded multiple times annually. These properties collectively accounted for C.12 per cent of the hydraulic internal flooding incidents seen by UUW over the past ten years. We have actively managed first-time flooded properties to reduce risk of repeat incidents by installing property level mitigation, reducing the risk of repeat flooding.

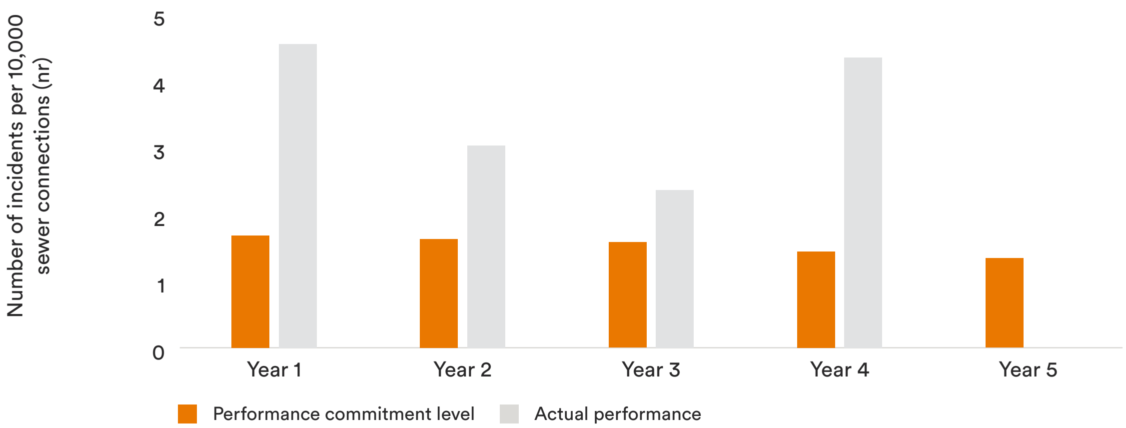
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we failed our target. Our performance means that we incur an underperformance payment of £14.582 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Internal flooding incidents' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	1.68	4.55(1)	Fail
Two	2021/22	1.63	3.03(1)	Fail
Three	2022/23	1.58	2.36(1)	Fail
Four	2023/24	1.44	4.35	Fail

(1) Historic data has been restated to reflect prior year adjustments. Further information is provided on page 94.

1.1 Outcome delivery

G03

External flooding incidents

Performance commitment description

This bespoke performance commitment was selected from Ofwat's list of asset health metrics and measures the number of external flooding incidents. An external flooding incident is defined as flooding within the curtilage of a building normally used for residential, public, community or business purposes. It includes any buildings in those curtilages that do not comply with the definition used for internal flooding. Performance improvements are shown by reductions in the number of incidents. The measure discounts flooding that does not affect the curtilage of a property (e.g. roads and fields). Flooding due to surface water run-off, which has not originated from a public sewer, but which inundates the wastewater network, is also excluded from the measure.

Performance summary

In year four, we recorded a total of 7,063 external flooding incidents. This was worse than our performance commitment target for the year of 6,106 incidents.

As with internal flooding, the root cause of external flooding incidents can be summarised into two key categories – Flooding and Other Causes (FoC) and severe/hydraulic incidents. FoC flooding refers to operational issues, such as collapses, blockages or equipment failures that result in flooding. Hydraulic, or severe weather, flooding refers to overloaded sewers, i.e. where the rainfall in a given period exceeds the hydraulic capacity of the network. Hydraulic/severe flooding performance is highly sensitive to the exogenous factors to which United Utilities is disproportionately susceptible, including urban rainfall and the proportion of combined sewers.

In year four we experienced the wettest 12-month period since 1871 for Greater Manchester, Merseyside and Cheshire, and the second wettest overall for the North West as a region. This prolonged wet weather, alongside ten storms being named by the Met office, has led to an extremely challenging year for our network. Our hydraulic flooding incidents have inevitably been higher than usual, especially during summer storms, and our overall performance has been detrimentally affected, when compared with previous years.

Despite the adverse impact of the weather, we continue to develop and implement a wide variety of schemes and initiatives to improve our external flooding performance. These include the deployment and development of our Dynamic Network Management (DNM) operating model, our successful customer engagement campaigns, enhanced incident targeting and management of surface water and development.

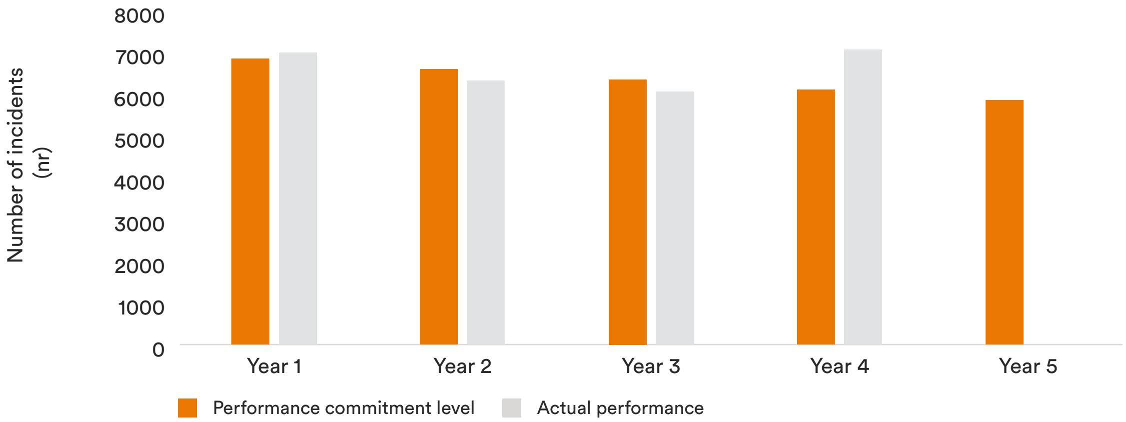
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we failed our target. Our performance means that we incur an underperformance payment of £6.163 million.

Reporting and assurance requirements

Whilst there are no specific reporting and assurance requirements identified within the final determination, this performance commitment has been subject to external assurance in line with our published assurance framework.

Actual performance for the 'External flooding incidents' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	6,845	6,990(1)	Fail
Two	2021/22	6,599	6,320(1)	Pass
Three	2022/23	6,352	6,057(1)	Pass
Four	2023/24	6,106	7,063	Fail

(1) Historic data has been restated to reflect prior year adjustments. Further information is provided on page 94.

G04

Customer awareness of the risk of flooding

Performance commitment description

This bespoke measure assesses the delivery of a change in customer awareness and aims to change behaviour with regard to items that should not be flushed down the toilet or poured down the drain. We measure performance against a baseline of 25.2 per cent set in 2019/20.

Awareness is scored using three questions:

- Have you seen or heard any information about what you should not flush?
- Have you seen or heard any information about what you should not pour?
- Do you recall seeing the following advertising? (Examples provided at time of survey.)

Performance through the period 2020 to 2025 is tracked by engaging with an independent customer research organisation to conduct the survey three times throughout the year, in order to track changes in customer awareness. Performance improvements are shown by an increase in the awareness measured from the baseline.

Performance summary

We ended the year with 73.3 per cent awareness, which is 48.1 per cent over our baseline and 40.1 per cent over the year four performance commitment level. We have continued to promote key messages to increase awareness for this measure.

Over the course of the last four years, we have developed and refined our communications campaign activities to raise awareness of 'what not to flush/pour'. We have used the impactful 'Stop the Block!' identifier to badge our campaign collateral to drive consistency and memorability. We use a range of media channels to reach our customers across the North West. Each campaign tends to comprise:

- radio adverts focusing on blockages caused by wet wipes and by fats, oils and greases (FOG);
- press adverts focusing on blockages caused by wet wipes and by FOG;
- social media posts highlighting the impact of blockages caused by wipes and FOG;
- digital adverts focusing on blockages caused by wet wipes and by FOG on YouTube, Google Display Network and In App;
- video on-demand adverts focusing on blockages caused by wet wipes and FOG; and
- video content on the digital display screens on United Utilities vehicles.

To support our regional campaigns, we continue to sponsor the ITV Granada/Border weather bulletins, where we have adverts illustrating preferred customer behaviour of putting wet wipes and used cooking oils/fats in the bin.

In addition to the regional campaign activities, we carry out 'hotspot' campaigns where we target areas with a high incidence of customer-behaviour related blockages. These local campaigns aim to reach customers in the community through a variety of channels, for example, social media, leaflet drops, educational sessions at primary schools, customer events, engagement with the local council, engagement with housing associations.

Whilst the causes of sewer flooding can be varied and it is difficult to quantify an exact relationship between the success of our awareness campaigns and blockage reduction, we are confident that they are effective and we have experienced a reduction in customer misuse related blockages of FOG and wipes by 6 per cent in 2023/24 compared to 2020/21. This equates to an overall incident reduction of more than 2,500.

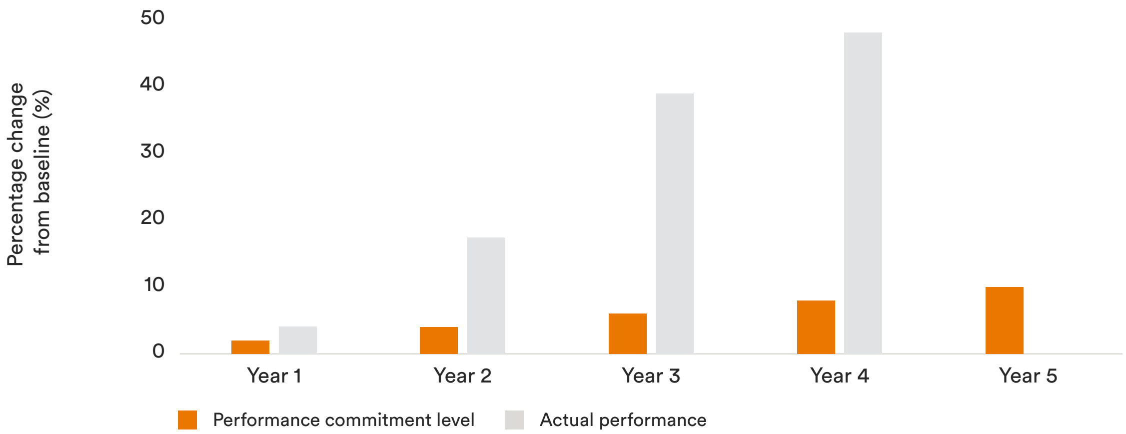
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £3.449 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Customer awareness of the risk of flooding' performance commitment – higher is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	2.0%	4.1%	Pass
Two	2021/22	4.0%	17.4%	Pass
Three	2022/23	6.0%	39.0%	Pass
Four	2023/24	8.0%	48.1%	Pass

G05

Hydraulic internal flood risk resilience

Performance commitment description

The aim of this bespoke measure is to reduce the flood risk to customers from internal hydraulic flooding and, particularly, those who are impacted by repeat incidents. It will measure the modelled flooding incident reduction at known flooding properties following the construction of permanent solutions that will improve the resilience of the drainage system serving the customers in the North West. Performance improvements are shown by reductions in the number of modelled incidents.

Interventions to provide, or free up, additional hydraulic capacity include sewer upsizing, online or offline storage, flow transfer, surface water removal (including green infrastructure solutions) and physical disconnection from a surcharging sewer.

Performance summary

The original baseline level of modelled risk at the end of AMP6 was calculated as 61.04. Since then, additional risk has been added to the underlying position, as further properties that are subject to repeat hydraulic flooding are verified following an incident. These additional properties are known as 'arisals'. These arisals increased the risk by a score of 9.40 to an overall position of 70.44.

However, to combat that increased risk, a range of projects that positively impacted 94 customer properties have been completed over the AMP. These include major capital schemes, smaller hydraulic projects and cellar disconnections. These projects reduce the risk score by a total of 30.87, taking it down from 70.44 to 39.57. When compared against our performance commitment, this level of risk reduction means that, in real terms, fewer customers will experience internal flooding at their properties as a result of hydraulic inadequacy.

We are now actively developing further projects for delivery in the final year of the AMP to provide further benefit to customers under this measure.

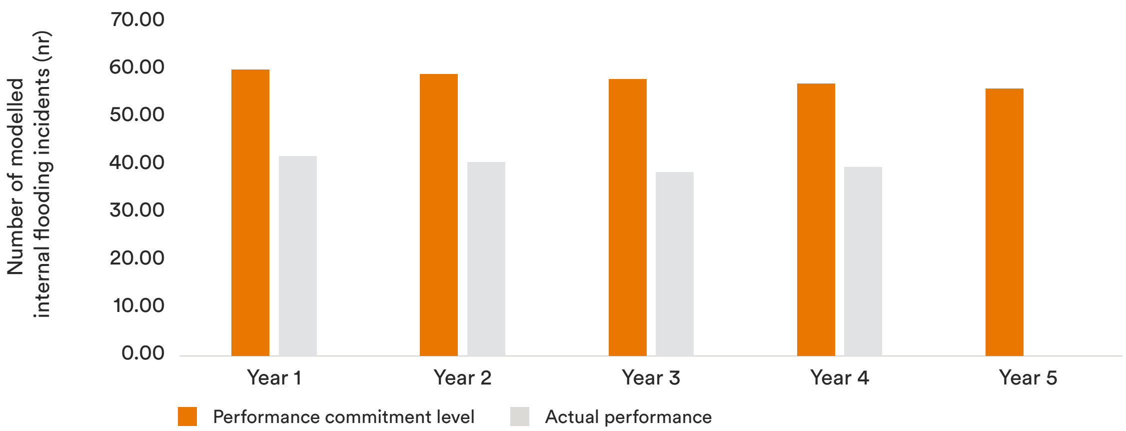
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £7.250 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Hydraulic internal flood risk resilience' performance commitment – lower is better



AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	60.04	41.84	Pass
Two	2021/22	59.04	40.61	Pass
Three	2022/23	58.04	38.49	Pass
Four	2023/24	57.04	39.57	Pass

1.1 Outcome delivery

G06

Hydraulic external flood risk resilience

Performance commitment description

The aim of this bespoke measure is to reduce the flood risk to customers from external hydraulic flooding, particularly those who are impacted by repeat incidents. It measures modelled flooding incident reduction at known flooding properties following the construction of permanent solutions that will improve the resilience of the drainage system serving customers in the North West. Performance improvements are shown by reductions in the number of modelled incidents.

Interventions to provide, or free up, additional hydraulic capacity include sewer upsizing, online or offline storage, flow transfer, surface water removal (including green infrastructure solutions) and physical disconnection from a surcharging sewer.

Performance summary

The original baseline level of modelled risk at the end of AMP6 was calculated as 276.06. Since then, additional risk has been added to the underlying position, as further properties that are subject to repeat hydraulic flooding are verified following an incident. These additional properties are known as 'arisals'. These arisals increased the risk by a score of 25.91 to an overall position of 301.97

However, to combat that increased risk, a range of projects that positively impacted 52 customer properties have been completed over the AMP. These include major capital schemes and smaller hydraulic projects. These projects reduce the risk score by a total of 124.50, taking it down from 301.97 to 177.47. When compared against our performance commitment, this level of risk reduction means that, in real terms, fewer customers will experience external flooding at their properties as a result of hydraulic inadequacy.

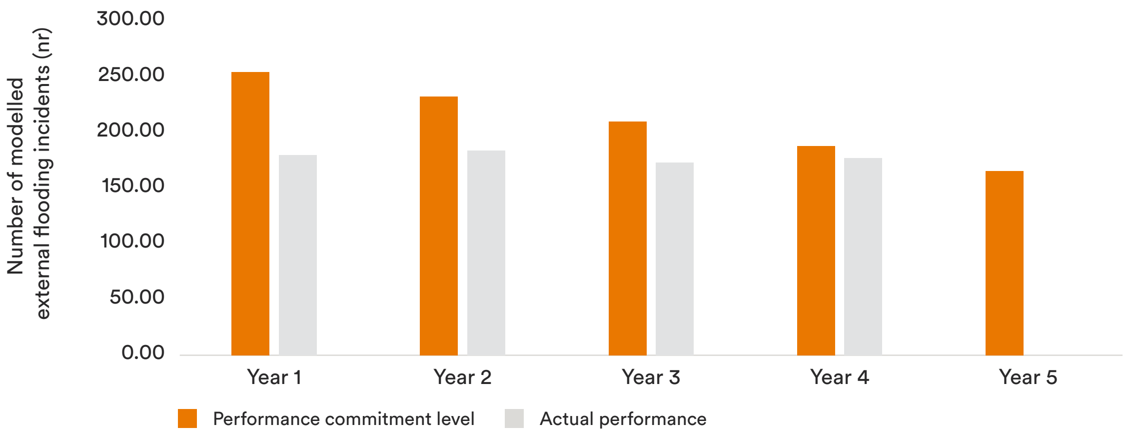
Financial implications

This performance commitment is subject to outcome delivery incentives for both outperformance and underperformance. In year four, we exceeded our target. Our performance means that we earn an outperformance payment of £0.439 million.

Reporting and assurance requirements

This performance commitment has specific reporting and assurance requirements identified within the PR19 final determination. These assurance requirements are met in full. Please see Table 1 Appendix 1 for full details.

Actual performance for the 'Hydraulic external flood' performance commitment – lower is better

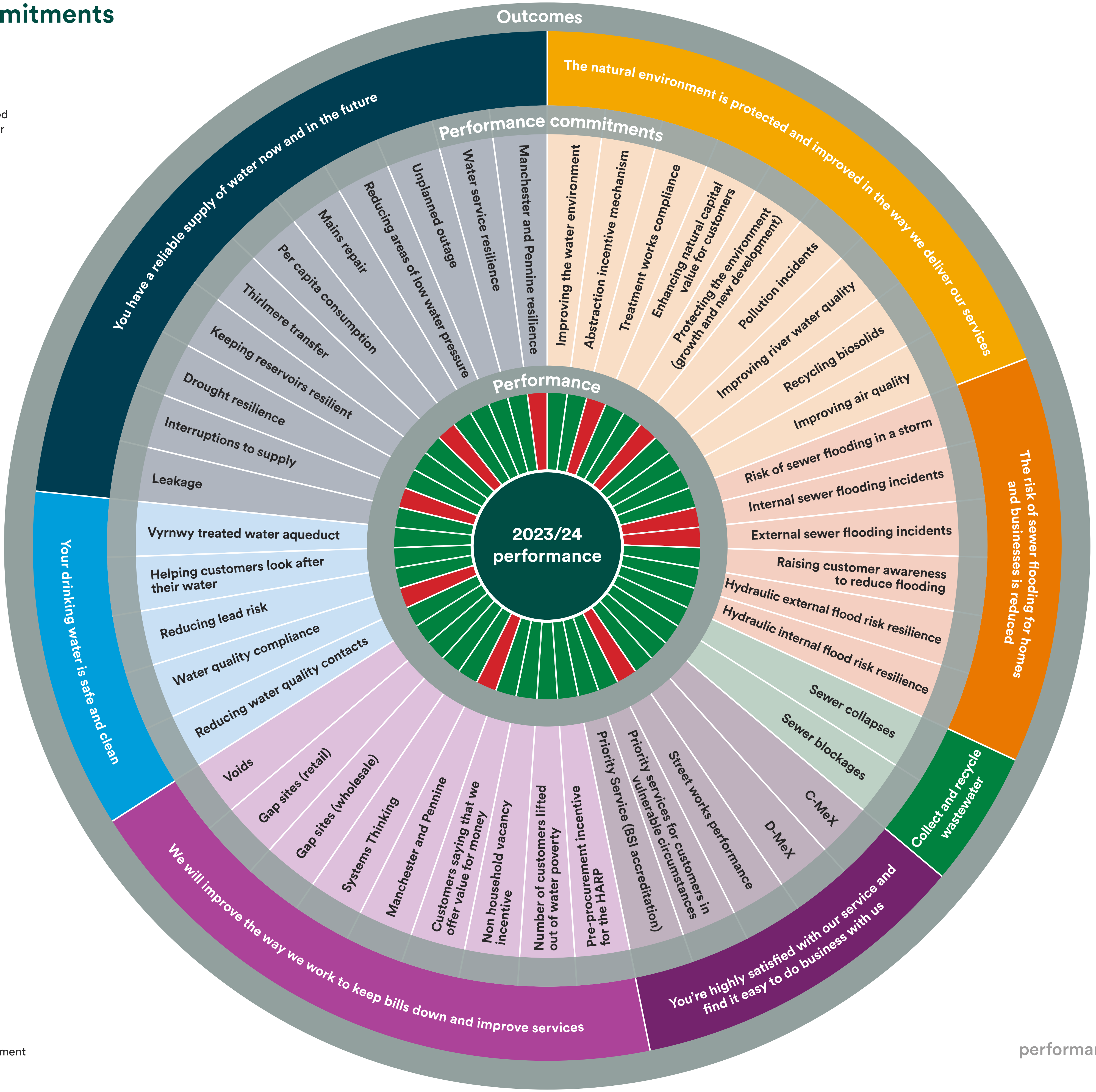


AMP7 Year	Performance period	Performance commitment	Actual performance	Pass/Fail
One	2020/21	254.53	179.84	Pass
Two	2021/22	232.33	184.04	Pass
Three	2022/23	210.13	173.30	Pass
Four	2023/24	187.93	177.47	Pass

Delivering our commitments

Year four performance

This diagram shows our seven outcomes and the 47 performance commitments that underpin them. We have met or outperformed 37of these performance commitments in year four (79 per cent). This earns an overall net outperformance payment of £33.195 million. This strong performance demonstrates our commitment to delivering what matters to customers and communities, both now and into the future.



37 out of 47
performance commitments met or exceeded

Key:

- Performance commitment not met
- Met or exceeded performance commitment

1.1 Outcome delivery

Reconciliation models

For each price control period, Ofwat provides a series of reconciliation models. The outputs from these models are used to inform adjustments required to allowed revenue for each price control across the 2020–25 period. These adjustments reflect company performance, costs and revenue over the period and the differences compared to the price control assumptions made prior to the period.

The PR19 reconciliation mechanisms for AMP7 are used to cover the following:

- In-period revenue adjustments;
- End-of-period revenue adjustments and;
- RCV adjustments applied prior to the start of the next control period.

In year four of AMP7, as seen in the above graphic, we have met or outperformed 79 per cent of our performance commitments. Many of these performance commitments have a financial incentive attached. These are reconciled either at the end of each year (in-period) or at the end of the AMP (end-of-period). This reconciliation then informs whether an in-period or end-of-period adjustment is required:

In-period adjustment – For most of our performance commitments the outperformance and underperformance payments generated as a result of our performance will be added up at the end of each financial year. This year if we are in an overall outperformance position, there will be a corresponding increase to customer bills in AMP8. If we are in an overall underperformance position, customer bills will be reduced in AMP8. The level of these adjustments are reviewed and the company can propose to amend the profile if this would provide a more acceptable bill trajectory for customers.

End-of-period adjustment – For a small number of our performance commitments, we will measure and report our performance across the full five years of AMP7 and calculate if we have beat or failed our targets at the end of the AMP. Any underperformance and outperformance payments generated from these performance commitments will be adjusted in customer bills in AMP8.

There is not an in-period determination process for outperformance and under performance payments in 2023/24. This year, as an exception from the typical reconciliation procedure, any financial adjustments to reflect performance will be made in the PR24 process, with payments included in the final determination price controls and reflected in customer bills in AMP8.

ODI Performance Reconciliation Model

We input our actual performance for each performance commitment for year four into the ODI performance reconciliation model. This model then assesses whether our performance is above or below the performance commitment level (and/or deadband where applicable) and applies the relevant outperformance or underperformance incentive rate attached to that performance commitment.

The ODI calculation for the majority of these performance commitments follows the standard format (as seen below)

(A – B) * C

where A represents actual performance, B is the performance commitment level and C is the incentive rate.

The outperformance or underperformance payment calculated for each performance commitment is then allocated to the relevant price control (as per the updated Outcomes Performance Commitment Appendix from the final determination, which can be found at:

ofwat.gov.uk/wp-content/uploads/2023/02/Consolidated_PR19_final_determinations_Outcomes_performance_commitment_United_Utilites-1.pdf

Some outperformance and underperformance payments are calculated by a non-standard approach to the ODI calculation. Please see Appendix 3 for more information.

A copy of this model has been submitted to Ofwat for review. Based on our calculations, the outperformance payment for ODIs for the 2023/24 reporting period is £30.784 million in 2017/18 prices.

C-MeX Reconciliation Model

We expect to achieve sixth in the C-MeX table for water companies so are, therefore, eligible for a standard outperformance payment. The incentive rate is calculated as:

(UU's C-MeX score – median)* (6 per cent/(top C-MeX score of all companies in the reporting year – median)

This is then multiplied by our allowed revenue for the Residential Retail price control in the 2023/24 period to calculate the overall ODI.

The outperformance payment for our C-MeX performance for the 2023/24 reporting period is £1.725 million in 2017/18 prices.

D-MeX Reconciliation Model

We expect to achieve sixth in the D-MeX table for water companies so are therefore eligible for a standard outperformance payment. The incentive rate is calculated as:

(UU's D-MeX score – median)* (6 per cent/(top D-MeX score of all companies in the reporting year – median)

This is then multiplied by our actual Developer Services revenue for both Water Network Plus and Wastewater Network Plus price controls in the 2023/24 period to calculate the overall ODI.

The outperformance payment for our D-MeX performance for the 2023/24 reporting period is £0.688 million in 2017/18 prices.

Net incentives

After these reconciliation models are completed, the net incentive for 2023/24 is a £33.197 million outperformance payment in 2017/18 prices.

In-period Adjustments Reconciliation Model

This model is used to calculate adjustments to allowed revenues to reflect net ODI outperformance with a two year lag, for example allowed revenues for 2024/25 reflect net ODI outperformance for 2022/23.

The in-period adjustment model is not used in respect of net ODI outperformance for the 2023/24 period. Instead financial adjustments will be made as part of the PR24 process to adjust allowed revenues for the AMP8 period.

Revenue Forecasting Incentive Model

In year four, the model applies an additional revenue adjustment to take into account any revenue under or over-recovery within the 2021/22 period for the Water Resources, Water Network Plus and Wastewater Network Plus price controls. The model applies a financial penalty if the difference between actual and allowed revenues is greater than 2 per cent.

The model calculates an adjusted allowed revenue to recover in the following charging year (2024/25) by combining the allowed revenue set at the start of the AMP with the revised K factors (from the in-period adjustment model). The model then, subsequently, adjusts allowed revenue, accounting for the over- or under-recovery of revenue in 2022/23, which includes a financing adjustment and inflation adjustment. This will then result in an adjusted allowed revenue to recover in 2024/25.

1.1 Outcome delivery

Bioresources Revenue Reconciliation Model

The model uses the revised unadjusted revenue from the in-period adjustment model and then undergoes two further reconciliations and adjustments: 1) To modify the revenue control for the year based upon the difference between actual and forecast sludge production and; 2) To adjust for any under or over-recovery of revenue in the period, which includes an inflation adjustment. This results in an adjusted allowed revenue for recovery in 2024/25.

Additionally, there is a forecasting incentive penalty calculated and applied at the end of AMP7 if the difference between actual and forecasted sludge production across the AMP is greater than 6 per cent.

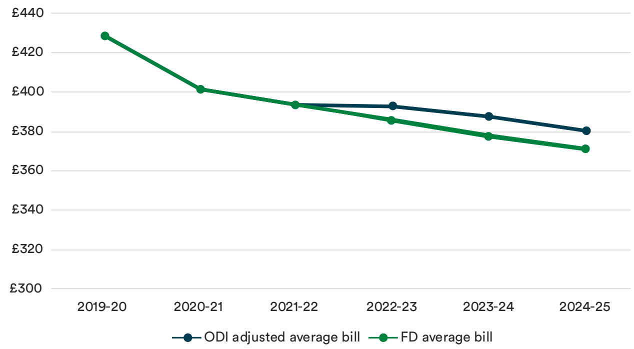
Bill impact

In year four of AMP7, our performance has generated underperformance payments of £34.244 million and outperformance payments of £67.439 million. A net outperformance payment of £33.195 million is due in respect of the 2023/24 reporting year. This adjustment is expected to impact household customer bills in AMP8.

We anticipate that this net ODI outperformance payment will comprise approximately £15 of the average household bill (in nominal prices.) This compares to £12 for the prior year, so an increase of approximately £3 in nominal terms and less than 1 per cent of the 2023/24 average customer bill of £445.

We have considered this increase in the context of the general profile of bills during AMP7. As per the final determination, average household bills were set to gradually fall in real terms (i.e. excluding inflation) over 2020–25, aiming to provide customers with as much stability as possible in what they actually pay in nominal terms (i.e. including inflation). The chart below shows the bill profile as per the final determination (FD) with an additional line showing the impact of the ODI outperformance payment on bills for 2022/23 to 2024/25.

AMP7 FD average bills including 2023/24 net ODI outperformance payment (2017/18 CPIH deflated)



Because bills were already set to fall in real terms, the impact of ODI outperformance payments on the net bill is relatively small. As set out above, the increase in net ODI outperformance payments equates to less than 1 per cent of the 2023/24 bill. Therefore, on its own, the increase in net ODI outperformance payments would not trigger the need for any handling strategies as regards the 5 per cent bill increase figure set out in Ofwat's charges scheme rules.

We offer customers who are struggling to pay their bill a comprehensive range of support. More information on the support we offer can be found within the Performance section, page 72. Extensive information on the support schemes available can be found on our website at:

unitedutilities.com/my-account/your-bill/difficulty-paying-your-bill/how-we-can-help

1.1 Outcome delivery

Revised performance data

Assurance checks during the preparation of this year's Annual Performance Report identified that a small number of cases of blockages, collapses and flooding incidents were incorrectly categorised in years one to three of the AMP.

A review of these incidents has been conducted and incidents have been reclassified for reporting purposes where found to be incorrect. This approach and the revised data have been subject to review by our technical auditor, Jacobs. The table below sets out the adjustments to historic performance data.

Revised processes have been put in place to avoid the same issues arising in the future. We have advised Ofwat of the resulting changes to underperformance and outperformance payments so that the required adjustments are made as part of the AMP7 reconciliations.

Blockages

	Year one	Year two	Year three
Submitted performance	22,639	20,697	20,203
Revised performance figure	22,674	20,765	20,318
Difference	35	68	115
Impact on incentives (£)	Increase in under-performance payment (£49,000)	Increased in under-performance payment (£95,000)	Increase in under-performance payment (£161,000)

Collapses

	Year one	Year two	Year three
Submitted performance	14.61	13.70	14.13
Revised performance figure	15.51	14.90	14.29
Difference	0.90	1.20	0.16
Impact on incentives (£)	No changes (£nil)	No changes (£nil)	No changes (£nil)

External flooding

	Year one	Year two	Year three
Submitted performance	6,849	6,223	5,916
Revised performance figure	6,990	6,320	6,057
Difference	141	97	141
Impact on incentives (£)	Increase in under-performance payment (£908,000)	Reduction in out-performance payment (£521,000)	Reduction in out-performance payment (£757,000)

Internal flooding

	Year one	Year two	Year three
Submitted performance	4.47	2.98	2.32
Revised performance figure	4.55	3.03	2.36
Difference	0.08	0.05	0.04
Impact on incentives (£)	No change (£nil)	Increase in under-performance payment (£135,000)	Increase in under-performance payment (£270,000)

1.2 Greenhouse gas emissions

Introduction and performance summary

This section provides information about our greenhouse gas (GHG) emissions and our performance in managing them. In 2023/24 we have reduced our overall emissions across scopes 1, 2 & 3. Scope 1 and 2 emissions increased slightly as it continues to be challenging for us to reduce scope 1 and 2 emissions with an increasing population in the North West.

Highlights this year

We continue to develop our approach for estimating emissions from our supply chain, including delivery of our programmes. For example, this year we have made a step change in our estimation methodology for emissions from chemicals. We now use a product volume based approach with product specific emission factors rather than our annual spend on chemicals and gases and an environmentally-extended-input-output database to estimate chemicals emissions. This change has resulted in approximately 50 per cent increase in reported chemical emission verses the spend based methodology.

Industry leadership: We co-chair the Water UK carbon network and are part of a team who lead net zero research across the industry, for instance exploring and testing what operational interventions can be made to reduce process emissions. We have initiated and led a water industry task and finish project to understand and quantify the GHG emissions related to chemicals and enable more consistent reporting across all UK water companies.

Transparent and robust reporting disclosures

Since 2006, we have estimated, measured and reported our GHG accounts in the United Utilities Group PLC Annual Reports and Financial Statements.

We were an early adopter of the guidance published by the Taskforce on Climate-related Financial Disclosures (TCFD) and our climate-related disclosures can be found in our United Utilities Group PLC Annual Report and Financial Statements (ARFS) each year. Our report includes the implications of climate change for governance, strategy, risk and metrics & targets. It covers risks, performance and plans on reducing emissions (climate mitigation) and preparing for climate change (adaptation).

Understanding our GHG emissions

Our emissions footprint is calculated by estimating the individual GHG that result from all United Utilities' activities, converted into a carbon dioxide equivalent tCO_2e.

- Direct emissions, known as scope 1 emissions, are those from activities we own or control, including those from our treatment processes, company vehicles, and burning of fossil fuels for heating.
- Indirect emissions, known as scope 2 and 3 emissions, result from operational activities we do not own or control, but which we can influence to varying degrees. These include emissions produced as a consequence of electricity we purchase to power our activities (scope 2) and other indirect emissions such as those from the products and services we buy (scope 3).
- We avoid emissions by purchasing and exporting renewable energy.

Best practice standards and framework

Our GHG accounting is aligned to the 2015 GHG Protocol Corporate Accounting and Reporting Standard and the 2019 UK Government Environmental Reporting Guidelines, including the requirements for Streamlined Energy and Carbon Reporting (SECR). We comply with the international carbon reporting standard ISO 14064, Part 1:2018.

Since 2019-20 we have reported all relevant[1] emissions from scopes 1, 2 and 3 of the GHG Protocol, including a comprehensive scope 3 inventory.

60 per cent of scope 1 & 2 emissions are from the release of methane, which has a higher global warming potential in this year's reporting as the industry have shifted from AR4 to AR5 to be consistent with the latest UK government conversion factors. This change was the primary driver for the small increase in emissions in 2023/24.

Third party verification and assurance

Our GHG inventory, including all the underlying energy data, has had independent third party verification by Achilles Group and is certified to the requirements of the Toitu carbonreduce programme. Our latest assurance certificate and report can be found on our website.

unitedutilities.com/corporate/responsibility/environment/climate-change

Table 11A and all the underlying data has been audited by Jacobs and all table criteria achieved.

The sustainability consultancy SLR consulting have assured our climate-related disclosures for 2023/24, confirming it is consistent with the TCFD recommendations, the Listing Rules, Section 414CA of the Companies Act and latest Financial Reporting Council (FRC) guidance. KPMG have included the climate related emissions in their assurance of our integrated annual report and accounts.

Independent comparison

We consistently perform strongly in a range of sustainability related benchmarks. For example, CDP, which runs an established global environmental disclosure system and sets the standard for environmental transparency and action. In 2023 we achieved CDP leadership scores in both climate change (A-) and supplier engagement (A) assessments and also achieved a management score (B) in our first ever response to the Water Security questionnaire.

We performed strongly in the S&P Global Corporate Sustainability Assessment (previously known as the Dow Jones Sustainability Index) achieving world class on the overall assessment and scored highly in the climate strategy for many years.

A 'science-based' approach

We are committed to a science-based approach to tackling climate change. Our modelling for adaptation actions is based on Met Office climate projections and United Utilities is proud to be the first UK water company to have mitigation targets approved by the Science Based Targets initiative (SBTi). SBTi is a collaboration that defines and promotes global best practice in science-based target setting. SBTi assessed and verified our four science-based targets in July 2021 and commended our ambitious 1.5°C aligned scope 1 and 2 target. We are currently undergoing verification of our new Net Zero science-based target with the SBTi. We are hopeful this will be approved and verified later this year.

Our net zero transition plan, first published in our 2023 United Utilities Group PLC Integrated annual report, sets out how we will contribute to and prepare for a rapid global transition towards a low emission economy. The plan has four pillars; 'vision and visibility', 'ambition and commitment', 'demonstrating action' and 'beyond here and now', which define our principles, priorities and approach.

[1] Categories deemed relevant as per the five principles of scope 3 GHG accounting and reporting as per GHG Protocol Corporate Value Chain Accounting Reporting Standard.

1.2 Greenhouse gas emissions

Emissions tables

Scope 1, 2 and 3 GHG emissions resulting from our operations for the financial year 2023/24 are shown in the tables below. We have used the Carbon Accounting Workbook (CAW) v18.3 (AR5). This uses Global Warming Potential values for a 100 year time horizon from the IPCC Fifth Assessment Report AR5 throughout and its use ensures consistency with the 2023 UK Government GHG conversion factors for company reporting.

For scope 3 emissions that are not available from the CAW we have used alternative tools and methods. For estimating emissions from capital projects and purchased goods and services (excluding chemicals), we have used an Extended-Environmental Input-Output (EEIO) method (CEDA Global '22). For homeworking and commuting we have used EcoAct models and for the remainder we have used activity data and applied the UK Government conversion factors for company reporting of GHG emissions.

For reporting, we have made best endeavours to provide complete and transparent values. However, we advise caution when comparing the emissions figures published by different companies as approaches may not be consistent. There are different and evolving methodologies, scope boundaries and emission factors. This applies to all areas of reporting but is most apparent in scope 3 emissions where estimating and reporting is comparatively immature.

It should be noted that the values reported here cannot be used as an indication of performance against the proposed AMP8 Operational GHGs Performance commitments as both the reporting boundaries and the reference data (emission factors) are different.

Scope 1 emissions	**Water (tCO_2e)**	**Wastewater (tCO_2e)**	**Total (tCO_2e)**
Burning of fossil fuels	1,727	18,462	20,188
Process and fugitive emissions	42	96,131	96,173
Vehicle transport	4,985	12,853	17,838
Total scope 1 emissions	**6,754**	**127,445**	**134,199**
Scope 1 emissions by GHG: Carbon dioxide (CO_2)	*6,633*	*30,911*	*37,543*
Scope 1 emissions by GHG: Methane (CH_4)	*2*	*58,259*	*58,261*
Scope 1 emissions by GHG: Nitrous oxide (N_2O)	*77*	*38,183*	*38,260*
Scope 1 emissions by GHG: Other types HFC 134a, R407a	*42*	*93*	*135*

Scope 2 emissions	**Water (tCO_2e)**	**Wastewater (tCO_2e)**	**Total (tCO_2e)**
Purchased electricity (location-based)	60,313	75,870	136,183
Purchased electricity (market-based)	0	33	33
Electricity for vehicles	3.1	3.7	6.8
Scope 2 emissions (location-based)	**61,141**	**64,632**	**134,799**
Scope 2 emissions (market-based)	**3**	**37**	**40**
Scope 2 emissions by GHG: Carbon dioxide (CO_2)	*59,700*	*75,099*	*14,362*
Scope 2 emissions by GHG: Methane (CH4)	*261*	*328*	*589*
Scope 2 emissions by GHG: Nitrous oxide (N_2O)	*365*	*446*	*800*

Scope 3 emissions	**Water (tCO_2e)**	**Wastewater (tCO_2e)**	**Total (tCO_2e)**
Category 1: Purchased goods and services (excluding chemicals and gases)	87,069	87,069	174,137
Purchased goods and services (chemicals and gases only)	29,671	29,671	59,343
Category 2: Capital goods (capital delivery projects – cradle to build)	49,981	49,981	99,962
Category 3: Fuel and energy-related emissions			
Purchased electricity: extraction, production and distribution	19,744	24,837	44,581
Purchased fuels: extraction, production and distribution	2,528	6,080	8,608
Category 4: Upstream transportation and distribution (outsourced sludge transport)	0	6	6
Category 5: Waste generated in operations (associated with wastewater treatment and sludge disposal to land)	0	25,819	25,819
Waste generated in operations (other) (not reported in Table 11A)	158	158	316
Category 6: Business travel (public transport, private vehicles and hotel accommodation)	668	784	1,452
Business travel (hotel accommodation, not reported in Table 11A)	6	6	12
Category 7: Employee commuting and home working (not reported in Table 11A)	2,568	2,568	5,136
Total scope 3 emissions	**192,393**	**226,979**	**419,372**

Emissions reductions (location-based)	**Water (tCO_2e)**	**Wastewater (tCO_2e)**	**Total (tCO_2e)**
Exported renewables	495	2,606	3,101
Exported biomethane	0	8,439	8,439
Green tariff electricity purchased	60,313	75,849	136,162
Total emission reductions (location based)	**60,808**	**86,894**	**147,702**

1.2 Greenhouse gas emissions

SWOT analysis of operational and embedded emissions

Accounting and reporting

Below, we highlight good practice, challenges and areas for innovation through an analysis of the strengths, weaknesses, opportunities and threats (SWOT) relating to the accounting and reporting of our operational, infrastructure and supply chain GHG emissions. On the next page, we provide a SWOT summary relating to our performance and impact.

Strengths	Weaknesses
Leadership in GHG reporting and disclosure: We have a strong and long track record of using established frameworks and best practice, evidenced by our 2023 CDP 'A-' rating for climate change and 'A' in supplier engagement. **Industry leadership:** For example, dual reporting of market and location-based emissions, Streamlined Energy and Carbon Reporting (SECR), compliance with TCFD recommendations and publishing a company transition plan. **Early adopter of best practice accounting and reporting:** For example, dual reporting of market and location-based emissions, Streamlined Energy and Carbon Reporting (SECR), compliance with TCFD recommendations and publishing a company transition plan. **Full scope 3 inventory:** We have, annually, reported scope 3 emissions for all relevant categories of the GHG Protocol since 2019/20. **External third-party verification and assurance:** Our GHG inventory (including all the underlying energy data) has had independent third-party verification by Achilles Group and has been certified to the requirements of the Toitu CarbonReduce programme (previously the CEMARS programme) since 2012. **Ambitious and verified targets:** Our near-term science-based targets have been verified by the globally recognised SBTi to be in line with the global goal for emissions reduction to limit global warming to 1.5°C or well below 2°C and we are currently in the verification process with the SBTi for our long-term Net Zero targets.	**Global uncertainty:** exists in the scientific understanding of how to measure and manage material areas of water industry emissions. For example, in the quantification of treatment process emissions, and in the relatively less mature area of scope 3 emissions, emission factors for chemicals used in treatment and materials used in construction. **Process emissions:** are highly variable by process and over time even in the same works and it has become clear that the current standard water sector reporting method is underestimating them. However, this remains the most consistent method available in the short term. Detailed monitoring data of different process types and operating conditions is underway to facilitate improvements of estimation, reporting and control of process emissions. Our £200m net zero enhancement programme, if funded, will make a significant contribution to this endeavour. **Spend-based method:** Approximately 65 per cent (80 per cent in 2022/23) of our scope 3 emissions are estimated using a spend-based approach where annual spend by category is compared against an Extended-Environmental Input-Output (EEIO) inventory (CEDA Global '22). A spend-based method is an accepted approach (GHG Protocol) but means less accuracy and restricts our ability to reflect the impact of management interventions.

Opportunities	Threats
Chemicals: Estimating emissions from chemicals using purchase records and specific emission factors from published life-cycle carbon assessments means we can now target the chemicals with highest emissions and influence operational and purchasing decisions and research and development investment accordingly. **Water sector collaboration:** including companies, regulators, suppliers and investors, could further mature the alignment, accuracy and completeness of measurement and reporting, and its application to shape effective policy and decisions. **Multi-capital value framework:** Can enrich decision making, risk understanding and management, and therefore protect and grow value. They provide opportunity for GHG emissions to be quantified and managed with other priorities to secure the most sustainable approaches in the round. **Applying whole-life carbon management frameworks:** We are integrating the use of the best practice Publicly Available Specification 2080 (PAS 2080) to help further improve our estimation, reporting and valuation of GHG emissions throughout our decision making. **Industry research:** As research projects are published, the CAW methodology could be updated to better reflect the emissions impact of current operational practices. For example, biosolids to land and process emissions monitoring.	**Regulatory reporting requirements:** There has been considerable uncertainty regarding the content and definitions of Table 11A. The reasonable assumption made was that the 2024 table would be as the 2023 table for the historic data request and CAW v18 was designed on that basis, to enable simple and consistent population of that table by all companies. This was not the case in the draft template as the issues set out in companies' consultation responses were not addressed in the published proforma. To mitigate this confusion Unites Utilities led the carbon accounting strategy group to develop a mapping document to enable population of Table 11A from CAW v18.3. **Complexity and influence:** Reporting and management of scope 3 emissions is much more complex than for scope 1 and 2 emissions and companies have different influence over different categories of scope 3 emissions but no outright control. **Communication:** Effective stakeholder engagement will be essential to aid understanding of changes to reportable emissions as we and others further mature the accuracy of accounting and estimation methods. Providing like for like comparisons will be important to be clear on improvements in reporting, compared to genuine change in emissions.

Year four performance

1.2 Greenhouse gas emissions

Performance and impact

Strengths	Weaknesses
Strong track record: We have reduced scope 1 and 2 GHG emissions by over 70% since 2005/06. In 2023/24, we have reduced our overall emissions across scopes 1, 2 and 3 from both our 19/20 baseline year and our last reporting year. **Clean energy:** Our cost-effective investment in a portfolio of renewable energy assets now provides around 25 per cent of our electricity. In addition, all the electricity we annually source is certified renewable. We are developing plans to go even further to support our goal for net zero and deliver wider benefits. **Sludge digestion:** Over half of our wastewater sludge is treated by advanced anaerobic digestion. This results in fewer GHG emissions than traditional approaches, both in the digestion process and from the resultant biosolids when they are recycled to agricultural land. **Action on all main sources of emissions:** We are well underway with programmes to green our fleet, improve our land, collaborate with the supply chain and monitor and mitigate our process emissions. **GHG emissions within decision making:** We are developing and integrating tools and processes which value GHG emissions throughout our planning and decision making.	**Spend-based methodology** is used to estimate 65 per cent of our scope 3 emissions, meaning that our reports do not fully reflect our management interventions and instead fluctuate with the scale and costs of our investment programme which traditionally follows a five-year cycle of increase and decrease. In AMP8 we are facing large growth pressures associated with delivering environmental commitments for the WINEP and Environment Act. **Technology and market developments:** are needed to open up more ways to capture, reduce or offset GHGs. **Reducing opportunities for further reductions:** Having delivered many of the most financially and technically viable options, identifying and delivering further emission reduction actions becomes increasingly difficult. This year we have seen growth in scope 1 and 2 emissions for the first time in years.

Opportunities	Threats
Water sector collaboration: including companies, regulators suppliers and investors is needed to enable the effective valuation of GHG emissions throughout planning and decision making to tackle competing policies and drivers, introduce effective incentives, and, thereby, accelerate and sustain emissions reduction alongside other priorities. **Improved estimation methodologies:** More primary data and direct measures will enable procurement decisions and management interventions to help minimise the impact of investments within the constraints of growth, demand, resources and cost. For example, our progress this year with chemicals. **Whole life GHG assessments and multi-capital frameworks:** enrich decision making and capture more of the benefits from behavioural and nature based solutions to support the move from capital intensive solutions to those which help address issues at source and offer wider benefits. **Landowners: l**ike United Utilities have potential to inset emissions while also delivering wider benefits, for example by restoring peatland and planting woodland for long-term benefits to GHG emissions, water quality and storage, recreation, and nature. **Collaboration with customers, suppliers and others: can** drive innovation, efficiency and answers to complex challenges such as emissions from treating wastewater. **Net Zero enhancement programme:** can help UU to drive major emissions reductions in our key challenge areas and support our smooth transition to becoming a net zero organisation.	**Growth pressures and unintended consequences from national policy choices:** We face ongoing and substantial new emissions growth pressures outside our control that threaten our ability to achieve net zero and science-based targets. New legal and regulatory requirements such as the Environment Act and Farming Rules for Water have unintended consequences in the way they are being enacted through rapid, fixed point and inflexible permitting. This is restricting innovation and forcing large scale capital investment and therefore GHG emissions, both one-off capital emissions and ongoing operational emissions for the life of the new assets and processes. There are further capital and operational growth pressures from extending services to the growing population and adapting assets and services to climate change. **Cost pressures:** We have already deployed many of the most commercially attractive options to reduce emissions and further action is therefore increasingly costly. **The stability of peatlands:** is threatened by the changing climate. These huge stores of carbon could be released, with peat degradation threatening water quality.

1.2 Greenhouse gas emissions

Traffic light assessment on reporting of embedded emissions

We have assessed our performance using the guidance provided in RAG 4.12 – Guideline for the table definitions in the annual performance report. We categorise our reporting as Green as we meet 6 out of 7 of Ofwat's reporting criteria.

Ofwat criteria	Met or not met	Supporting evidence
Provision of embedded emissions data as it relates to capital projects (cradle-to-build). We anticipate good practice in this area being for companies to provide cradle-to-gate as well as cradle-to-build based data.	Met	We have provided a cradle-to-build estimate of the emissions based on the annual spend for capital projects with our construction services partners and using an Extended-Environmental Input-Output (EEIO) model.
Clear evidence of external verification and accreditation as it relates to the use of standards and frameworks, and quality of data.	Met	Our GHG inventory (including all the underlying energy data) has had an independent third party verification by the Achilles Group, to the requirements of the CarbonReduce programme including compliance with ISO14064 Part 1. Achilles Group offers CarbonReduce certification under license from Enviro-Mark Solutions Limited (trading as Toitū Envirocare) through the Achilles CarbonReduce programme.
Engagement with more than one recognised standards, frameworks or approach for managing and reporting on embedded emissions.	Met	Our GHG inventory (including all the underlying energy data) meets the requirements of the CarbonReduce programme including compliance with ISO14064 Part 1. Our inventory includes all 'relevant' scope 3 emissions and is certified as complying with the GHG Protocol corporate value chain (scope 3) accounting standard. Our near term SBTs have been verified by the SBTi, including two scope 3 targets and our long-term Net Zero SBT is currently under review by the SBTi. We have contributed to and applied the four objectives and 12 principles in the UKWIR Framework for Wholelife Carbon Management in the Water Sector as set out in the Calculating Whole Life/Totex Carbon, 2022.
Provision of insights into embedded emissions as they relate to construction and maintenance activities.	Not met	In our scope 3 inventory, the emissions are estimated using spend and therefore reflect the scale of construction and maintenance activities rather than how those activities are being carried out and the materials used. We take insight from our GHG measurement and reporting and are developing methods to improve the specificity of these estimates for AMP8; however, as insight is currently incomplete we, therefore, mark this as 'not met'.
Complete and detailed SWOT analysis as it relates to embedded emissions.	Met	We provide in this report a SWOT analysis, including for scope 3 emissions. We have provided this each year since Ofwat first suggested the approach.
Provision of embedded emissions data as it relates to purchased goods and services (in addition to chemicals).	Met	We have provided an estimate of the emissions based on the annual spend on products and services (excluding chemicals and gases) using an EEIO model. For chemicals, we have used the outputs of water industry Chemicals and GHG Task and Finish group to enable estimation of emissions. This is a significant improvement as it means the estimate is based on the amount and type chemicals used rather than a generic 'chemical' emissions factor and annual spend.
Evidence of clear stakeholder engagement and education on its GHG emissions management and reporting approach.	Met	Annually, since 2005/06, we have openly and extensively disclosed our GHG emissions, progress and plans in the United Utilities Group ARFS. Our GHG reporting uses best practice standards and independent assurance, including of scope 3 emissions. We have shown early adoption of evolving and expanding reporting expectations, and always complied with latest formal requirements. Our climate change strategy, GHG emissions management and reporting approach are included within the remit of both the S&P Global Corporate Sustainability Assessment (previously known as the Dow Jones Sustainability Index) and the CDP climate change questionnaire, both of which we have participated in for over 12 years, and score strongly. We regularly explore our GHG strategy and emissions performance with a wide range of stakeholders, including through investor engagement and at our AGM, for example.

Year four performance

1.3 Condition G Principles for Customer Care

Compliance with customer-focused licence condition (Condition G)

In February 2024, Ofwat introduced a new customer-focused licence condition, replacing the previous Condition G and removing Condition J. The new condition takes a principles-based approach to ensuring companies are focused on providing high quality customer service and effective support, particularly to those customers in vulnerable circumstances and during incidents. We welcome Ofwat's focus on this area. We are passionate about providing excellent customer service and consider that this update to the regulatory framework will contribute to customers receiving the high levels of service and support that they deserve.

The new condition sets out a series of principles for customer care, and is supplemented by supporting guidance from Ofwat, with further reference made to work by CCW. Ofwat requires companies to take account of this guidance when considering how best to comply with these principles.

More information about the supporting guidance can be found on Ofwat's website at:

ofwat.gov.uk/regulated-companies/vulnerability/customer-focused-licence-condition

We consider these requirements to represent a minimum level of service that all our customers can expect to receive. As an organisation, we aspire to go beyond this minimum, and recognise that demonstrating that we have robust customer service policies and procedures in place is a key part of achieving best practice standards.

We consider that our policies and procedures are well aligned with the principles for good customer service. We have carried out a thorough internal review, identifying and cross-checking the stable of guidance supporting Condition G against our approach to customer service and care. We identified 229 individual requirements, of which we consider we are fully compliant with 210. In 17 cases, we believe that our approach deviates from the relevant guidance, but provides equivalent or better outcomes for customers. In two cases, we have work to do in order to align with the guidance and we have put in place action plans to deliver improvements in these areas. Our approach to monitoring and evaluating compliance with Condition G will evolve over time. However, based on our current assessment we consider that our policies and procedures are well aligned with the principles for good customer service. The table below summarises this review.

G3	The principles for customer care are:	RAG	Justification for RAG rating
G3.1	The Appointee is proactive in its communications so that its customers receive the right information at the right time, including during incidents.		Overall approach to proactive communication is aligned well to principle. We operate a variety of communication channels including social media, webchat, emails, letters and the Windermere information centre. Our field staff receive training to help identify where a customer may need extra help.
G3.2	The Appointee makes it easy for its customers to contact it and provides easy to access contact information.		We align well with principle through our core customer information offering, which ensures our customers know how to get in touch with us. We consider our processes align well with contact and communication aspirations set out within 'customer experiences of sewer flooding'. We have accreditation from the Shaw Trust and the Plain English Campaign.
G3.3	The Appointee provides appropriate support for its customers when things go wrong and helps to put things right.		Our capabilities align well with this principle overall. For example, we have robust measures in place to provide emergency bottled water to our customers. However, we have identified two areas for improvement (private-side leaks and external flooding response time). We have action plans in place to address these areas.
G3.4	The Appointee learns from its own past experiences, and shares these with relevant stakeholders. The Appointee learns from relevant stakeholders' experiences and demonstrates continual improvement to prevent foreseeable harm to its customers.		We have robust debrief processes following every incident, with high-level activity reported to the Executive. Where an incident involves several agencies, we take part in a multi-agency debrief. We actively share learning and experience with other companies.
G3.5	The Appointee understands the needs of its customers and provides appropriate support, including appropriate support for customers in vulnerable circumstances, and including during and following incidents.		We have defined processes to ensure vulnerable customers (i.e. Priority Services) are supported during incidents with bottled water. Contact information is easy to find, and we ensure support is easily accessible (e.g. via a single application form).
G3.6	As part of meeting principle G3.5 above, the Appointee provides support for its customers who are struggling to pay, and for customers in debt.		We are well aligned with this principle, as recognised by Ofwat in its Paying Fair publication.

How UUW is complying with the new customer-focused licence condition

Prior to the customer-focused licence condition being introduced, we carried out an extensive programme of work to understand the extent to which our approach to customer service and support meets and, wherever possible, exceeds, the new requirements. In testing compliance, we challenged ourselves to show we have capabilities in a number of key areas:

Learning from others
Systematic engagement with customers, regulators, and wider service providers to understand minimum requirements and best practice.

Policies
Ensure we have policies in line with regulatory guidelines and wider best practice. Policies published wherever possible.

Procedures and Training
Clear ways of working in line with policies, supported by training (technical and cultural).

Focus areas
Action plans for improvement targeted at most urgent areas, with clear timelines for delivery.

Outcomes
Engaging with customers to validate that experienced outcomes are in line with expectations.

Our assessment of compliance against UUW identified requirement considered based on evidence aligned to these capabilities

1.3 Condition G Principles for Customer Care

This exercise found that:

1. Early engagement with Ofwat and CCW during the development of Condition G had helped us prepare for the change;
2. Continuous diffusion of learning following major industry incidents and publications had led to a culture of continual improvement; and
3. UUW's existing policies and procedures were well aligned to those of excellent customer care.

Overall, we consider that we are compliant with the principles set out within Condition G. Nevertheless, our review has identified opportunities to learn and improve our customer service offering. There are some examples of business processes that do not wholly align with a recommendation set out within the licence condition related guidance document. This happens in two cases:

1. Where we consider deviation from a requirement set out in the supporting guidance is appropriate and compatible with overarching licence condition principles; and
2. Where we have an action plan in place to improve our performance.

We provide more detail on each case below. However, despite these deviations, we consider that our overall standards of customer service and care are well aligned with the principles set out in the licence condition.

Cases where we consider a deviation from a strict interpretation of the guidance provides equivalent or better outcomes for customers

The revised Condition G is a principles-based licence condition, with an emphasis on achieving key principles rather than strict alignment with wording of the guidance. In several instances, we have ways of working that achieve better outcomes in a manner that is different from that set out in guidance. Most notably:

- 'Paying Fair' (requirement 7.16) requires that we notify the courts when partial (but substantial) payment is made. Following feedback from the courts, where court enforcement of a judgement order is in place, we only notify courts when payment is completed in full, not for partial payments.
- 'Putting Things Right' suggests that all customers affected by sewer flooding should have a case manager. We found that case managers are more effective in cases of repeat sewer flooding. Where a customer has only flooded once, we found that a dedicated case manager could slow resolution, due for example to shift patterns and annual leave. Customer engagement suggests this approach is working well.

Cases where we acknowledge we have work to do and have implemented improvement plans

In two cases, we are aware that our working practices are not fully aligned with an element of the guidance underpinning Condition G. In both cases, we have improvement plans in place to align fully to the aspirations set out within the relevant guidance documents. These are:

- 'Out in the Cold' proposes that companies address private-side leaks during major incidents. During recent major events, we have repaired leaks for customers and acted to maintain the integrity of the water network. However, we have not yet published a comprehensive policy for leak repairs on the customer's side of the boundary during major incidents. Therefore, by April 2025 we will develop and publish new policies in this area and implement them into standard operating practice.
- CCW's 'Standards for sewer flooding victims' sets an aspiration for companies to respond to external sewer flooding incidents within four hours. Our operational response is focused upon first-time resolution and customers' feedback suggests that they are happy with this approach. However, first time resolution requires a fully resourced reaction team, which can lead to longer response times during periods of high demand. As such, We are not currently achieving the average response time envisioned by CCW. However, we have an action plan in place to improve response times and hope to be aligned to CCW's aspiration by April 2025.

How we ensure appropriate internal governance is in place to support the customer-focused licence condition

We are proud of our customer service offering. We have been recertified for BSI's 22458 for consumer inclusion and hold the Institute of Customer Service's Service Mark with Distinction. We were rated within the top five utility companies for 'customer satisfaction and trust' in the UK Customer Satisfaction Index January 2024 publication.

To support our continued strong customer service offering, UUW has strict internal controls to ensure it is meeting its obligations and responsibilities. Our board has been engaged in understanding the implications of Condition G and in driving UUW's approach to compliance. Our Executive Team is fully briefed on UUW's responsibilities under the customer-focused licence condition and is committed to ensuring we operate in a way that aligns with the underlying principles of good customer service and care. Our compliance with this licence condition is affirmed at an Executive level and we have carried out an extensive assessment of UUW's internal processes and policies to assess our compliance.

Our Corporate Audit team has carried out internal checks and investigations that help to ensure our processes and procedures are aligned with the principles set out in the customer-focused licence condition. Related activity has included:

- An investigation into UUW's Priority Services offering and underlying procedures. The audit found: 'The expected controls in place over Priority Services to be designed and operating effectively. Governance arrangements are robust and the service is promoted well.'
- A review of key controls underpinning the identification and processing of domestic customers' GSS compensation. It found: 'The controls over GSS Payments Processing to be well established and effective and we are satisfied that GSS payments are processed and recorded in accordance with Ofwat guidelines.'

1.4 Wholesale totex

Background: totex allowances and incentive mechanism

The PR19 FD set total expenditure (totex) assumptions for the 2020–25 period across the four wholesale price controls. If the company overspends or underspends, compared to the FD assumptions, then incentives are applied that determine the sharing of the additional spending or additional saving between customers and the company. Overspend and underspend allocated to customers are reflected in future bills. Overspend and underspend allocated to the company must be borne by investors. The incentives are different for four different categories of spend.

- **Totex subject to standard sharing rates** – This comprises the majority of totex. UUW's sharing rate was set at an equal 50/50 share between customers and the company for both overspend and underspend. This is with the exception of the bioresources price control, which has no standard customer sharing (i.e. zero per cent customer share, 100 per cent company share for both overspend and underspend).
- **Business rates and abstraction licence fees** – Companies can only exercise limited control over these costs and so the cost variance to the company's PR19 cost allowance will be subject to a 75 (customer share):25 (company share) sharing rate.
- **Totex not subject to cost sharing** – Some spend is set to have zero customer sharing through the cost reconciliation model. This includes spend:
  - where it would not be appropriate to share costs with customers, e.g. disallowable costs such as fines or customer compensation payments;
  - that is subject to different funding/sharing mechanisms, e.g. strategic water resources development schemes, innovation fund; or
  - that has been set outside of price control, e.g. non-s185 diversion costs and income.
- **Green Recovery** –Additional funding has been granted, on top of our five-year FD totex allowance to invest in schemes that will help the green economic recovery, as well as benefitting the environment. Given the uncertainty over the true costs of the innovative schemes, underspend will be subject to a 90 (customer share):10 (company share) sharing rate, to ensure underspend variances are weighted heavily in customers' favour, while still providing companies with an incentive to act efficiently. Overspend is subject to an equal 50/50 share between customers and the company.

	FD allowed totex by price control April 2020 to March 2025 (2017/18 prices)				
Customer share category	Water resources	Water network plus	Wastewater network plus	Bioresources	Total totex
Totex subject to standard sharing	220	1,734	2,341	328	4,623
Rates and abstraction licence fees	166	225	99	29	519
Totex not subject to cost sharing	44	134	3	–	181
Green Recovery	3	–	61	–	64
Total totex	**433**	**2,093**	**2,504**	**357**	**5,387**

As part of the PR24 price review process, we will reconcile how our actual expenditure compared against these allowances for each category of spend for AMP7. With the exception of totex not subject to cost sharing – which is out of scope for customer sharing – variances against the initial assumptions will be accounted for through a cost reconciliation mechanism. This mechanism will split out the reported totex over/underspend per category, with the resulting customer share element being recovered through a mixture of opening adjustment to AMP8 RCV and through AMP8 revenues (with the RCV/revenue split consistent PR19 assumptions on PAYG).

Defra's accelerated infrastructure delivery project and AMP8 transition expenditure

The Department for Environment Food and Rural Affairs asked English water companies to propose schemes for accelerated infrastructure delivery in 2023–24 and 2024–25, to tackle challenges in three areas: water resilience (supply and demand), storm overflows and nutrient neutrality. Ofwat allowed companies to undertake work in this price control period on the approved schemes and approved schemes with allowances to be determined through the PR24 processes, to deliver earlier benefits for customers, communities and the environment.

Expenditure on accelerated programme schemes will be subject to a separate reconciliation. APR table 10H captures the progress made in delivering each accelerated programme scheme at component level. This table is intended to provide information to apply the midnight adjustment to the RCV at the start of the 2025-30 period and to reconcile against companies' price control deliverables at the end of the 2025-30 period.

Comparison of 2023/24 actual totex to FD assumed totex

APR Pro forma Tables 4D and 4E (see Section 3) are the key tables that set out the build-up of 2023/24 totex expenditure within the four wholesale price controls. Variance analysis of 2023/24 costs compared to the prior year can be found within the accounting methodology statement available at:

unitedutilities.com/globalassets/documents/pdf/rr24-accounting-methodology-statement

The expenditure within these tables is then summarised within Pro forma Table 2B (see Section 2.3)

APR Pro forma Table 4C (consolidates the total totex expenditure from Table 2B per price control and then breaks this out into the different customer sharing categories of spend described above. These amounts are then compared to the allowed totex in the PR19 final determination (inflated to out-turn prices).

APR Pro forma Table 4U (see Section 3) compares Green Recovery expenditure, as reported in Tables 4S and 4T, which provide the breakdown of expenditure by each Green Recovery scheme, against the allowance as per the Green Recovery final decision document (inflated to out-turn prices).

Variance between allowed totex and actual totex from Table 4C (out-turn)

During 2023/24, we incurred £1,648 million of totex (excluding AMP8 accelerated programme and transitional expenditure), which was higher than assumed in the PR19 FD (£1,503 million including allowance for Green Recovery schemes). As explained in the executive summary on page 18, this was largely a result of the additional investment we are making outside the scope of our FD to deliver further improvements for customers and the environment, and, consistent with presentation in APR Table 4C, this has been analysed below per customer sharing category.

1.4 Wholesale totex

Totex subject to standard sharing

Totex subject to standard sharing (All 50% company: 50% customer except Bioresources – 100% company: 0% customer)	Totex by price control 2023/24 Water resources	Water network plus	Wastewater network plus	Bioresources	Total totex
Allowed totex subject to standard sharing	60.1	420.6	726.1	75.9	**1,282.8**
Actual totex subject to standard sharing	42.7	574.1	788.9	76.5	**1,482,2**
Variance total	-17.4	153.5	62.7	0.5	**199.4**
Variance due to timing	-17.6	-24.2	-116.1	0.5	**-157.4**
Variance due to efficiency	0.2	177.7	178.9	0.0	**356.8**

Total reported overspend of £199.4 million is split between variances due to timing and variances due to efficiency.

Variance due to timing

We chose to accelerate our AMP7 investment programme across the first three years of the AMP to enable us to deliver benefits sooner, with equivalent reductions in totex spend expected in the later years of this AMP. This has been categorised as timing within Table 4C as this year's reported underspend offsets the higher totex spend incurred at the start of the AMP.

Bolton wastewater enhancement scheme was not yet approved by the EA at the time of the final determination and, thus, was not included in FD allowed totex. However, this scheme has, subsequently, been approved with a resultant increase of c.£90 million in our projected AMP7 totex. Unlike the other additional investment projects, this will be fully remunerated under the WINEP mechanism with an uplift to March 2025 RCV. This adjustment is not captured in Table 4C, and as such, the spend incurred to date is classified as timing, not efficiency.

Variance due to efficiency

In addition to Green Recovery and Bolton WINEP – recoverable under Ofwat's reconciliation mechanisms – we rate of expenditure across the 4 year period to 2023/24 is higher than the FD allowance. This includes delivering sustainable improvements for customers through Dynamic Network Management and drinking water quality improvements, investing outperformance to deliver our 'Better Rivers: North West' programme and making an early start on aspects of the Environment Act 2021 requirements, and improving the quality and aesthetics of the water supply from the Vyrnwy Aqueduct. In addition, we have delivered additional scope requirements on our base capital programme, experienced the impact of inflation with costs rising above average CPIH, and the impact of weather events and incidents, including investment to repair the fractured outlet pipe at our Fleetwood Wastewater Treatment Works in June 2023.

Investing to improve service for customers

Helping us deliver further improvements to service for customers and better performance against our customer ODIs, this investment is targeted at delivering sustainable improvements for customers in two specific areas where we want to do better.

- Dynamic Network Management (DNM), an advancement of Systems Thinking in our wastewater network that will help us reduce sewer flooding and pollution incidents using real-time performance data from a network of sensors able to enable predictive and preventative organisation; and
- Drinking water quality improvements (specifically discolouration)

We are investing in a number of other projects including hydraulic flooding, lead risk and water service resilience, where additional spend is expected to drive further improvements in customer service with resultant improvements in performance.

Investing outperformance for environmental improvements

Additional investment to deliver our 'Better Rivers: Better North West' programme and to make an early start on aspects of the new Environment Act 2021 requirements, which were not decided at the time of the final determination and are, thus, not included in FD allowed totex.

The Environment Act 2021 introduces several new challenges for the sector, including a requirement for water companies to secure a progressive but very substantial reduction in the average number of spills from storm overflows, and controlling nutrient pollution by reducing phosphate release from wastewater treatment works. The Industrial Emissions Directive (IED) broadens the scope of activities covered by compliance requirements, and the Environment Agency's recent interpretation of Farming Rules for Water (FRfW) restricts the application of biosolids to land in certain areas at certain times, requiring more storage capacity or alternative means of disposal.

Vyrnwy Aqueduct

The requirement for the Vyrnwy treated water aqueduct scheme was not set at the time of the final determination and is, thus, not included in our FD allowed totex. However, following a DWI enforcement order issued in September 2020, we are, subsequently, going ahead with this scheme, which will improve the quality and aesthetics of the water supply via a programme of cleaning and relining. Part of these costs will be reflected in outperformance payments earned on reducing discolouration from the Vyrnwy treated water aqueduct performance commitment, which measures the length of aqueduct cleaned or relined.

For the purposes of this assessment, we have categorised the additional investment as efficiency (since, for these projects, spend will, ultimately, result in an increase in totex vs. PR19 allowance).

1.4 Wholesale totex

Rate and abstraction licence fees

Rates and abstraction licence fees (25% company: 75% customer)	Totex by price control 2023/24 Water resources	Water network plus	Wastewater network plus	Bioresources	Total totex
Allowed rates and abstraction licence fees	41.3	56.0	24.7	7.2	**129.3**
Actual rates and abstraction licence fees	38.4	37.5	23.5	7.1	**106.4**
Variance	-3.0	-18.6	-1.2	-0.2	**-22.9**

Actual totex costs of £106.4 million are below FD allowed costs of £129.3 million, with business rates of £81.6 million being £27.3 million below FD allowance mainly due to a reduction in rateable value and a freeze on inflationary increases for a number of years, partially offset by abstraction charges of £24.8 million being £4.4 million above the FD allowance due to increases to the EA charging scheme.

Totex not subject to cost sharing

Totex not subject to cost sharing (100% company: 0% customer)	Totex by price control 2023/24 Water resources	Water network plus	Wastewater network plus	Bioresources	Total totex
Allowed totex not subject to cost sharing	22.7	35.0	0.7	0.0	**58.5**
Actual totex not subject to cost sharing	11.2	28.6	8.8	0.0	**48.7**
Variance	-11.5	-6.4	8.1	0.0	**-9.8**

Overall totex not subject to cost sharing of £48.7 million was slightly below the FD allowance of £58.5 million. The main components of this are set out below:

- Non-price control grants and contributions, inclusive of income offset (£18.1 million) – £26.1 million below the FD allowance mainly due to significant changes to the HS2 project, including scaling back the railway to a high speed line between London and Birmingham. This is more than offset by Non Section 185 diversions expenditure being £38.0 million lower than the allowance consistent with the changes to HS2.

Strategic water resource development schemes costs (£6.5 million) – £16.2 million below the FD allowance of £22.7 million due to changes in deliverables since the PR19 FD:

- Innovation competition fund costs (£9.8 million); however, this is not a genuine overspend as it is funded directly through customer revenues;
- Third-party costs (£3.7 million) – £2.0 million above FD allowance of £1.7 million; and
- Disallowable costs – comprising compensation, fines, investigation payments totalling £1.2 million (vs. zero FD allowance).

Green Recovery (Table 4U)

Green Recovery (Underspend 10% company: 90% customer; Overspend 50% company: 50% customer)	Totex by price control 2023/24 Water resources	Water network plus	Wastewater network plus	Bioresources	Total totex
Allowed totex not subject to cost sharing	1.2	0.0	31.4	–	**32.6**
Actual totex not subject to cost sharing	1.0	0.0	9.7	–	**10.7**
Variance due to timing	-0.2	0.0	-21.7	–	**-21.9**

In 2023/24, Green Recovery spend of £10.7 million is below the allowed funding of £32.6 million, as the current spend profile is different to the original planned spend proposals, predominately due to the delayed completion of WINEP investments at Bury, as explained within the Green Recovery annual progress report, which can be found at:

unitedutilities.com/globalassets/documents/pdf/green-recovery-2024

1.4 Wholesale totex

Impact of expenditure on the RCV

APR Pro forma Table 4C sets out the 2023/24 RCV determined at the PR19 FD and shows the implied revisions to this position as a result of the impact of totex over or underspend.

The RCV will be fully reassessed as part of the PR24 process with the value presented in table 4C being referred to as a 'shadow RCV'. As reported in Table 4C, the projected shadow RCV is £14,089 million. However, the calculation only apportions the customer share of totex overspend due to efficiency to the RCV. We believe that the shadow RCV should reflect accelerated/deferred spend in any given year in line with the PR19 cost reconciliation model, which takes account of the timing of totex, and should adjust for WINEP true up mechanism, the AMP8 Defra accelerated programme and PR24 transitional expenditure. Correcting for this, the shadow RCV is higher at £14,227 million. Additionally, if we included the full expected value of our AMP7 ex-post adjustment mechanisms, adjusted RCV would be higher still at £14,664 million.

Financial measure £m	Water resources	Water network plus	Wastewater network plus	Bioresources	Total RCV
4C.32 Projected 'shadow' RCV	773.6	4,155.3	8,630.5	529.2	**14,088.6**
Projected 'shadow' RCV, including timing differences	773.6	4,199.7	8,724.4	529.2	**14,226.9**

As the below table shows, the shadow RCV of £14,089 million is £120 million higher than the RCV determined at the FD. This is as a result of the cumulative totex overspend due to efficiency described in the comparison of actual totex to FD assumed totex section above, with a resultant £89 million uplift in wastewater network plus and an £30 million uplift in water network plus. The water resources and bioresources price control RCVs were both broadly in line with their respective FD RCVs.

Financial measure £m	Water resources	Water network plus	Wastewater network plus	Bioresources	Total RCV
4C.31 Ofwat RCV	772.3	4,125.2	8,541.6	529.9	**13,969.1**
4C.32 Projected 'shadow' RCV	773.6	4,155.3	8,630.5	529.2	**14,088.6**
Increase/(Decrease) in RCV	1.3	30.1	88.9	-0.7	**119.6**

1.5 Wholesale revenue

APR pro forma Table 2I, (see Section 2.3) sets out the actual build-up of the wholesale revenue for 2023/24 by price control. Table 2M then compares this with the level of revenue allowed in the FD.

The total revenue set by the wholesale price controls for recovery in 2023/24 was £1,823.7 million. This was made up of £1,875.5 million wholesale revenue, plus £17.2 million in grants and contributions and £(69.0) million of other revenue adjustments. The level of income recovered in the year was £0.2 million higher than the £1,823.7 million allowed in the PR19 FD, with a £5.4 million increase in revenues and an £5.2 million reduction in grants and contributions income collected.

The £5.4 million increase in revenues is attributable to higher household consumption and an increase in the number of commercial premises that were brought into charge by retailers.

The £5.2 million reduction in grants and contributions income is attributable to lower connection volumes (lower than the volume assumed in the revenue allowance) which has resulted in a decrease in the level of income recovered. There has been an increased uptake of incentives for sustainable developments.

The revenue imbalances will be corrected for in AMP8 using the Revenue Forecasting Incentive (RFI) mechanism and Bioresources Revenue Reconciliation models as part of the PR24 process. In line with the RAGs, we have reported rechargeable works income (£1.3 million) as price control revenue, but this income was not included in the revenue control set at PR19 and, therefore, we will be excluding it from the RFI mechanism for the purposes of setting charges. This approach means that we will be both compliant with the change in regulatory reporting and able to continue to recover revenue under the revenue control in line with the approach that underpinned the PR19 final determination. We intend to treat rechargeable works income in the same way for each year of the AMP.

1.6 Retail expenditure and revenues

Household retail

Background

The household retail price control is designed to allow companies to recover sufficient revenue from household customers to fund the efficient costs of providing retail services. This allowance is sometimes referred to as the allowed 'cost to serve'.

For companies whose historic and forecast costs were above the industry upper quartile, allowed costs were set to projected upper quartile levels to reduce allowed costs to levels that Ofwat judged to be efficient.

Cost allowances considered the impact of a range of retail cost drivers, such as levels of metering, household credit defaults, average water bill size and regional levels of deprivation.

Separate annual revenue allowances and costs to serve per customer were defined in the PR19 FD for household retail services. Total revenue allowances were determined by multiplying underlying cost to serve allowances by the assumed customer numbers and applying a margin defined as part of the price review.

The cost to serve incentive mechanism has three main principles:

- Initial cost to serve allowances per customer per year are fixed and do not increase year-on-year in line with inflation;
- The allowances are assumed to cover all retail operating costs, including depreciation on capital expenditure. Expenditure for demand side water efficiency and customer side leak repairs is included where the activity is not for wholesale purposes; and
- Any over or underspend against the cost to serve allowed is paid for, or retained wholly by, the company and will not affect future customer bills.

2023/24 performance

We have continued to challenge the efficiency of the services offered in a number of areas, but retail operating costs, as reported in Table 2C, have increased by £13.3 million from £106.3 million in 2022/23 to £119.6 million in 2023/24.

The main cost increases in 2023/24 can be attributed to:

- £11.5 million increase in bad debt costs. In recognition of ongoing economic uncertainty, we have assessed the expected credit loss using a probability based assessment that considers the impact increases to cost of living on future cash collection. The reported bad debt charge of £53.7 million and 3.8 per cent of regulated revenue has increased from £42.2 million and 3.3 per cent of regulated revenue reported in 2022/23;
- £1.7 million increase in customer service costs due to an increase in labour costs;
- £0.5 million increase in debt management costs due to an increase in third party costs including debt collection agencies; and
- £0.4 million increase in meter reading costs due to an increase in labour costs.

Retail operating costs were £20.4 million higher than the expenditure allowance of £99.2 million. Our costs are running higher than assumed in the PR19 FD as we are incurring higher bad debt costs at this point in the AMP due to the impact of COVID-19 and an increase in the cost of living on levels of cash collection, which remain below our original expectations. Inflation has exceeded the rate of inflation forecast at PR19, placing an inherent efficiency challenge on the retail price control as the cost allowances do not increase with inflation.

During the year, we billed additional properties that were previously identified as void. Using credit reference and land registry data, we were able to identify properties for which the occupant could be identified. This was targeted as part of an AMP7 ODI commitment to reduce our void proportion of billable properties to 5.5 per cent by the end of 2023/24. At 31 March 2024, void properties were 3.7 per cent of billable properties, reduced from the 4.5 per cent reported at 31 March 2023.

Improving operating costs and efficiency

We have continued to refine our capabilities in a number of areas to reduce our underlying operating costs during the year. These include:

- Continuing to challenge overheads;
- Seeking to improve underlying operational performance;
- Increasing digital penetration;
- Continuing to support our most vulnerable customers through our affordability schemes to manage bad debt; and
- Promoting water efficiency to reduce household consumption and, therefore, bad debt.

Improving debt management

UUW has a higher bad debt cost than the majority of the industry. Deprivation levels are the principal driver of our higher than average bad debt with the North West having a substantially higher proportion of customers impacted by welfare reform and claiming universal credit. These challenges are to some degree recognised and reflected in setting the allowed retail costs through the price review process.

Our collection performance through 2023/24 was challenging, and bad debt will remain a challenge in our region where there are significant numbers of communities that are subject to high levels of deprivation. The current cost of living pressures are expected to impact on our customers' ability to pay their water bill in the future. As a result, debt management will be an area of continued focus as we drive for further improvement.

We are a leader in the water industry in affordability and vulnerability assistance, with a wide range of support schemes for customers, many of which are industry firsts. Using advanced data and analytic capabilities, we have been able to focus our efforts on supporting the customer segments at greatest financial risk, promoting the support available and encouraging customers to contact us if they are struggling to pay their bill. These schemes have helped over 370,000 customer since the beginning of the AMP, with C.210,000 customers currently benefitting from United Utilities' affordability support, representing around six per cent of our household customer base.

Providing assistance to those customers who need our help most continues to be an area of focus. We take a proactive approach to help customers back into making regular payments by assessing them for a lower bill and offering support in clearing their arrears.

We've delivered a number of initiatives to further improve the accessibility of our affordability support schemes, including the introduction of a single application form; consolidating application forms enables customers to be assessed against all financial support schemes, ensuring they receive optimal bill support.

We have continued to use our data share arrangement with the DWP to identify new customers and validate existing customers' eligibility for our Help to Pay, Back on Track and Watersure tariffs.

Our PayAsUGo plan continues to provide customers with the option to pay at whatever frequency suits their personal circumstances, as long as they meet the agreed payment milestones. This has supplemented the extensive range of existing payment plan options available to our customers, which include Direct Debit, payment cards and schedule only plans. Customers are able to choose what date and frequency they make their payment. This flexibility enables customers to pay in a way that aligns to their personal circumstances. This year, we've seen a net growth of C.19,000 customer opting to pay by Direct Debit and our overall payment plan penetration is being sustained at over 80 per cent.

1.6 Retail expenditure and revenues

Introducing Open Banking into our affordability assessment process has simplified the application process for customers, and has improved the accuracy of the data captured, ensuring customers benefit from the lowest tariff and improved first time completion rates meaning customers are given a decision on tariff eligibility there and then rather than after a longer application process.

We continue to use a variety of contact channels to reach out to customers who may be struggling to pay. We've continued to take our financial support schemes direct to our customers' doorsteps.

Last year, we visited C.39,000 hard to reach customers and we've visited over 303,000 customers since the initiative was launched.

The North West Hardship Hub continues to be a valuable resource for members of the advice community to access support quickly and easily for their clients. The one stop shop provides a consolidated view of a wide range of support schemes from a range of sources and sectors across the North West of England. Following its initial success, in July 2023, we relaunched a new look North West Hardship Hub; making it publicly accessible for the first time allows customers across the region to access a wealth of support available from over 200 organisations. Over 14,000 customers have visited the site since its launch.

In September 2023, we introduced a partnership with Money Wellness, which provides free confidential debt advice, budgeting tips and tools to help customers' money go further and access to free counselling to help improve financial wellbeing. We are now able to offer a direct referral service enabling customers to book an appointment and access wider debt advice.

In 2014/15, household bad debt costs were running at 6.3 per cent of regulated revenue. Since this time, we have maintained a clear focus on improving our bad debt and cash collection performance. This has included the establishment of a number of new initiatives, such as our 'better billing' initiative and has involved working with Credit Reference Agencies to identify which customers are likely to be in a financially challenging situation and which customers are able to pay their water bill, but need further encouragement and engagement in order to prompt them to do so. At the end of 2023/24, household bad debt costs had reduced to 3.8 per cent of regulated revenue.

We continue to focus on more dynamic targeting of debt collection activities and have invested in testing and improving our innovative data led collection strategies.

We've increased our efforts to support customers with management of their bill payments, many of whom will be disproportionately impacted by the cost of living increases, by highlighting the support we have available.

Utilising credit reference agency data and predictive analytics, we're monitoring customer payment behaviour to proactively identify customers showing signs of struggling to pay. To date, we've sent over 500,000 early intervention emails with tailored messaging designed to increase customer's awareness of the support we, and third-party organisations, can offer. Additionally, we're running a number of supplementary campaigns triggered by a change in behaviour; for example, we've identified our 'fallen Angel' customers, who were previously good/excellent payers who have fallen behind with their payments, and are reaching out and highlighting ways we can help manage their payments, including metering, water efficiency advice and flexible payment plans to spread their payments into more manageable amounts.

We continued to use our range of financial assistance schemes effectively to support those customers that can't pay and provided support to C.210,000 customers during the year as illustrated in the following table:

	2023/24 Full Year Actual		
	Customers supported (No.)	**Company funded (£m)**	**Customer funded social tariff (£m)**
Watersure	28,932		10.6
Help to Pay Social Tariff	37,649	1.7	6.2
Back on Track Support Tariff	114,369	10.6	15.8
Sub-total – tariff support	180,950	12.3	32.6
UU Trust Fund	3,797	3.5	
Payment matching	26,604	15.0	
Sub-total – grants and allowances	30,401	18.5	
Total Support	211,351	30.8	32.6

£10.6 million of support, cross subsidised by other customers, was provided for the national Watersure tariff. There was £34.3 million of support in the form of a bill discount for over 150,000 households, via our social tariffs 'Help to Pay' and 'Back on Track'. £12.3 million of support for the social tariff schemes was provided by the company and £22.0 million was cross-subsidised by other residential customers.

Whilst the penetration and conversion of customers onto affordability solutions does impact in year revenues, it is a key factor in helping customers avoid falling into arrears, recovery from positions of debt, reducing the amount of bad debt that United Utilities carries and driving to continue to reduce our retail cost to serve.

United Utilities PLC provided £3.5 million to the independent United Utilities Trust Fund, which can support residents in the United Utilities' region through grants that can be used towards clearing water bill arrears or other household costs.

In addition, a further 26,604 customers received £15.0 million in support through our payment matching scheme. The scheme is an arrears clearance scheme funded through write-off and is a cost to the company through the bad debt charge as opposed to revenue sacrifice. An additional 12,000 customers successfully completed the scheme this year, giving them a fresh start as they are now water debt free.

1.6 Retail expenditure and revenues

Revenue

APR pro forma Table 2F (see Section 2.3) shows that retail revenue recovered in 2023/24 was £123.8 million.

However, as reported in Table 2N, approximately 150,000 customers received a discounted fixed price bill under a social tariff during the year. In total, these customers received a £34.3 million discount to their underlying full price bill, of which £12.3 million was funded by the company and £22.0 million was cross-subsidised by other residential customers.

The revenue forgone by the company of £12.3 million is added to the £123.8 million of retail revenue recovered, such that the total net retail revenue for 2023/24 was £136.1 million. This is £13.2 million higher than the 2022/23 retail revenue, including a margin of £122.9 million. The increase in revenue is mainly due to recovery of the 2022/23 ODI outperformance payment in the year.

The in-year revenue allowance of £131.8 million was based on actual customer numbers of £3.23 million. This was C.80,000 higher than assumed in the PR19 FD, mainly due to new connections and a reduction in void properties across the region.

Operating profit

APR pro forma Table 2A (see Section 2.3) shows the operating profit for UUW's price controls. For the household retail price control, operating profit in 2023/24 was £4.2 million.

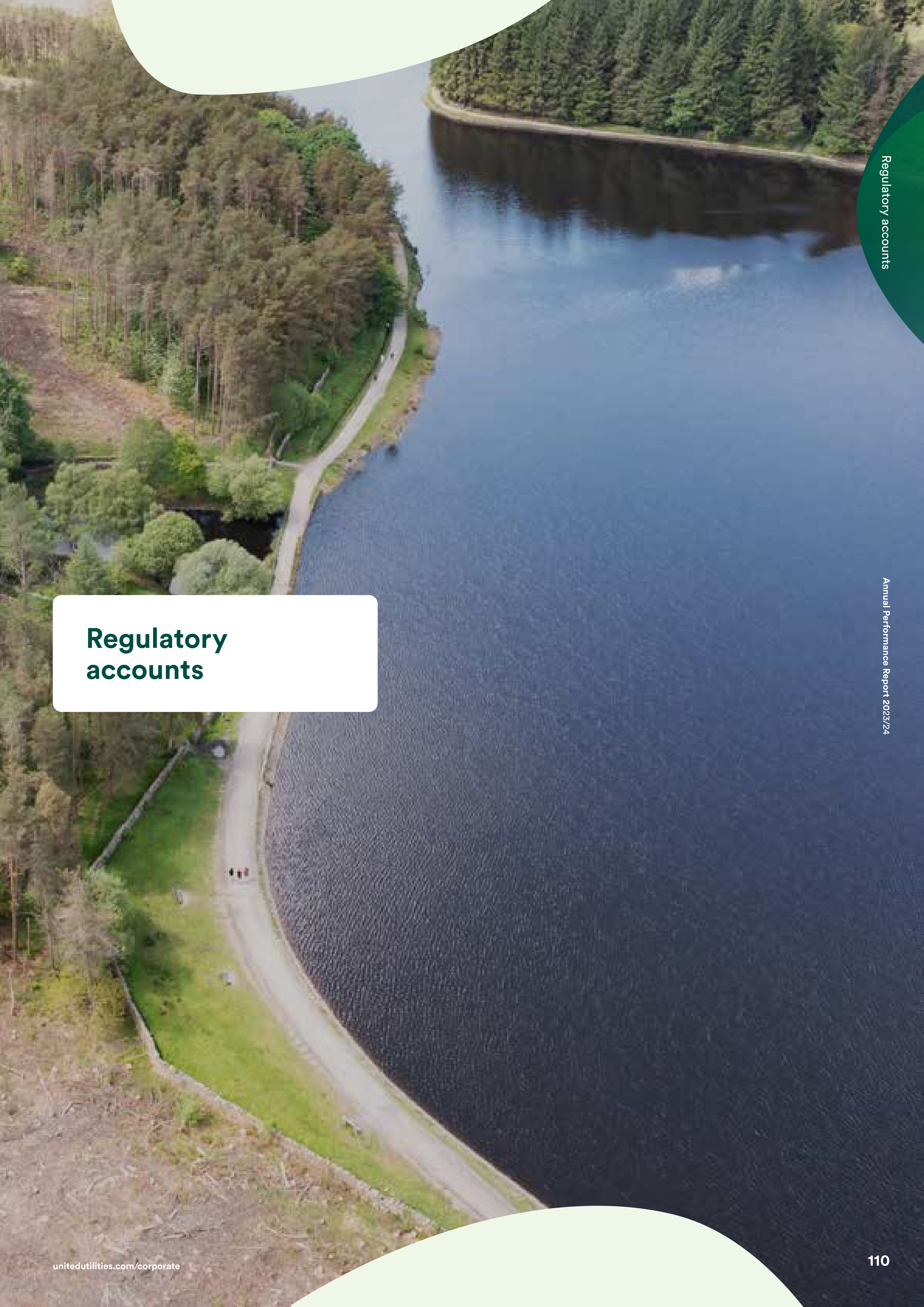
The 2023/4 retail revenue allowance of £131.8 million is based on an expenditure allowance of £99.2 million and a £32.6 million retail operating profit, in respect of the allowed margin and adjustments.

The reported operating profit for 2023/24 is £28.4 million lower than expected due to the following:

- Retail revenues collected (£123.8 million) were £8.0 million lower than the revenue allowance. £12.3 million was attributable to the company funded element of the discount provided to the 150,000 customers that were billed under a social tariff during the year. This was offset by £4.3 million of additional revenue attributable to levels of household consumption running higher than expected and a lower number of customers receiving a social tariff discount than had originally been forecast when setting charges for the year. This element of revenue is, therefore, recoverable through the end of AMP revenue reconciliation for retail; and
- Retail costs were £20.4 million higher than the expenditure allowance, which is mainly due to bad debt costs running higher than expected at this point of the AMP due to the impact of COVID-19 and an increase in the cost of living on levels of cash collection, which remain below our original expectations. Inflation has exceeded the rate of inflation forecast at PR19, placing an inherent efficiency challenge on the retail price control as cost allowances do not increase with inflation.

Table 2C – Cost analysis retail

Variance analysis of retail costs compared to the prior year can be found in our 2023/24 accounting methodology statement, published on our website alongside the APR.



Regulatory accounts

Statement of directors' responsibilities for regulatory information

Introduction

The Regulatory Accounts have been prepared in accordance with the requirements of Regulatory Accounting Guidelines (RAGs) 1.09, 2.08, 3.14, 4.12 and 5.07 issued by the Water Services Regulation Authority (WSRA or Ofwat). These are separate from the statutory financial statements which have been prepared under the basis of International Financial Reporting Standards as adopted by the UK.

Statement of directors' responsibilities for regulatory information

Further to the requirements of company law, the directors are required to prepare accounting statements which comply with the requirements of Condition F 'Regulatory Accounting Statements' of the Instrument of Appointment of the company as a water and sewerage undertaker under the Water Industry Act 1991 and Regulatory Accounting Guidelines issued by Ofwat:

- Condition F also requires the directors to keep appropriate accounting records, which are consistent with guidelines published by Ofwat.

The directors of the company hereby confirm that the company has kept appropriate accounting records, which comply with the guidelines published by Ofwat.

Condition P 'Regulatory ring-fence' of United Utilities Water Limited's (UUW's) Licence requires directors to submit a 'Ring-fencing certificate' to Ofwat no later than the date on which the Company is required to deliver a copy of each set of regulatory accounting statements prepared under Condition F.

The Ring-fencing certificate requires directors to confirm that, in their opinion;

a. The company has sufficient financial resources and facilities to enable it to carry out the Regulatory Activities, for at least the twelve month period following the date on which the certificate is submitted.

b. The company will have available sufficient management resources and systems of planning and internal control to enable it to carry out the Regulatory Activities, for at least twelve months.

c. The company has available to it sufficient rights and resources other than financial resources, as required by paragraph P14 of the company's instrument of appointment.

d. All contracts entered into between United Utilities Water Limited and any Associated Company include the necessary provisions and requirements in respect of the standard of service to be supplied to United Utilities Water Limited, to ensure that it is able to carry out the Regulated Activities.

The directors have issued a 'Ring-Fencing certificate' under Condition P31 of the Licence – see pages 164 to 165.

Condition P also requires directors to:

e. Report to Ofwat changes in the company's activities, which may be material in relation to the company's ability to finance its regulated activities.

The directors hereby confirm that there were no changes in the company's activities, which may be material in relation to the company's ability to finance its regulated activities, during the year ended 31 March 2024.

f. Ensure every transaction between the Appointed Business and any Associated Company is at arm's length, so that neither the Appointed Business nor the Associated Company gives a cross-subsidy to the other.

This has been confirmed within 'Information in respect of transactions with any other business or activity of the appointee or any associated company' on pages 152 to 154.

g. Declare or pay dividends only in accordance with a dividend policy which has been approved by the Board of the company and which complies with the principles under Condition P30.

This has been confirmed within 'Dividend policy' on pages 137 to 141.

The above responsibilities are additional to those already set out in the United Utilities Water Limited statutory financial statements.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
2. they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the board and signed on its behalf by:

Phil Aspin

Phil Aspin
Chief Financial Officer

28 June 2024

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and United Utilities Water Limited ("the Company")

Opinion

We have audited the sections of/tables within the Company's Annual Performance Report for the year ended 31 March 2024 ("the Regulatory Accounting Statements") which comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (table 1E), the financial flows (table 1F) and the related notes; and
- the regulatory price review and other segmental reporting tables, comprising the segmental income statement (table 2A), the totex analysis for wholesale water and wastewater (table 2B), the cost analysis for retail (table 2C), the historical cost analysis of tangible fixed assets for wholesale and retail (table 2D), the analysis of 'grants and contributions' for wholesale (table 2E), the residential retail revenues (table 2F), the non-household water revenues by tariff type (table 2G - not completed, in line with RAG 4.12), the non-household wastewater revenues by tariff type (table 2H - not completed, in line with RAG 4.12), the revenue analysis (table 2I), the infrastructure network reinforcement costs (table 2J), the infrastructure charges reconciliation (table 2K), the analysis of land sales (table 2L), the revenue reconciliation for wholesale (table 2M), household affordability support and debt (table 2N) and historical cost analysis of intangible assets (table 2O) and the related notes.

We have not audited the Outcome performance tables (3A to 3I) and the additional regulatory information in tables 4A to 4Y, 5A to 5B, 6A to 6F, 7A to 7F, 8A to 8D, 9A, 10A to 10H and 11A.

In our opinion, the Company's Regulatory Accounting Statements have been properly prepared, in all material respects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.08, RAG 3.14, RAG 4.12 and RAG 5.07) ("the Regulatory Accounting Guidelines") and the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2), set out on pages 134 to 141.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 except as stated in the section on Auditor's responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report below, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF (Revised) 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to other entities of public interest, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2) set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. As a result, the Regulatory Accounting Statements may not be suitable for another purpose. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes. Accordingly, we make no such assessment. In addition, we are not required to assess whether the methods of cost allocation set out in the accounting methodology statement are appropriate to the circumstances of the Company or whether they meet the requirements of the WSRA.

The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of United Kingdom adopted international accounting standards ("UK IASs"). Financial information other than that prepared on the basis of UK IASs does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements on pages 116 to 133 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from UK IASs. A summary of the effect of these departures in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

The directors have prepared the Regulatory Accounting Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Regulatory Accounting Statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and United Utilities Water Limited ("the Company")

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Inquiring of directors, the audit committee, internal audit and inspection of policy documentation relating to the ultimate parent, United Utilities Group PLC, as to the Group's high level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Using analytical procedures to identify any unusual or unexpected relationships;
- Reading Board and Audit Committee minutes relating to the ultimate parent, United Utilities Group PLC; and
- Considering remuneration incentive schemes and performance targets for directors including Long Term Plan awards.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular: the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as provisions for household customer debt and capitalisation of costs relating to the capital programme.

On this audit we do not believe there is a fraud risk related to revenue recognition streams because the low value, high volume nature of transactions reduces the opportunities for fraudulent activity.

Further detail in respect of the provisions for household customer debt and capitalisation of costs relating to the capital programme are set out in section 2 of this report.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals relating to revenue, cash and borrowings posted to unexpected or unrelated accounts, and journals posted between operating costs and property, plant and equipment by users we would not expect; and
- Assessing significant accounting estimates and judgements for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the regulatory accounting statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pension legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Compliance with regulations imposed by Ofwat, Environment Agency, Competition law, Drinking Water Inspectorate, GDPR compliance, health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

In relation to the Collective proceedings in the Competition Act Tribunal that were issued in December 2023, as discussed in the Material Litigation report, we assessed disclosures against our understanding from legal correspondence and inquiries performed.

We discussed with the audit committee of the ultimate parent other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and United Utilities Water Limited ("the Company")

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Regulatory Accounting Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

Responsibilities of the Directors for the Annual Performance Report

As explained more fully in the Statement of Directors' Responsibilities set out on page 111, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2).

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Regulatory Accounting Statements within the Annual Performance Report

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Regulatory Accounting Statements.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report, except for the following:

The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes.

Accordingly we make no such assessment. In addition, the Company has presented the allocation of operating costs and assets in accordance with the accounting policy for price control segments set out on page 134 and its accounting methodology statement. We are not required to assess whether the methods of cost allocation set out in the accounting methodology statement are appropriate to the circumstances of the Company or whether they meet the requirements of the WSRA, which would have been required if we were to express an audit opinion under ISAs (UK).

We have not assessed whether the accounting policies are appropriate to the circumstances of the Company where these are laid down by Condition F. Where Condition F does not give specific guidance on the accounting policies to be followed, our audit includes an assessment of whether the accounting policies adopted in respect of the transactions and balances required to be included in the Regulatory Accounting Statements are consistent with those used in the preparation of the statutory financial statements of the Company.

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and United Utilities Water Limited ("the Company")

Use of this report

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Instrument of Appointment granted by the Secretary of State for the Environment to the Company as a water and sewage undertaker under the Water Industry Act 1991 ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WSRA, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2024 on which we reported on 28 June 2024, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Ian Griffiths
For and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

28 June 2024

Section 1 Regulatory financial reporting

Additional commentary on the Section 1 pro forma tables is provided on pages 142 to 147.

Keys to cells
Input cell
Calculation cell
Copy cell

Pro forma 1A

Income statement for the 12 months ended 31 March 2024

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Revenue	£m	3	1,948.352	1.711	9.967	-8.256	1,940.096	1A.1
Operating costs	£m	3	-1,462.073	-11.528	-11.045	-0.482	-1,462.556	1A.2
Other operating income	£m	3	0.000	-6.744	0.000	-6.744	-6.744	1A.3
Operating profit	£m	3	486.279	-16.560	-1.079	-15.482	470.797	1A.4
Other income	£m	3	0.000	43.662	3.555	40.107	40.107	1A.5
Interest income	£m	3	61.944	-20.500	0.000	-20.500	41.444	1A.6
Interest expense	£m	3	-403.593	-80.994	0.000	-80.994	-484.588	1A.7
Other interest expense	£m	3	0.000	20.500	0.000	20.500	20.500	1A.8
Profit before tax and fair value movements	£m	3	144.630	-53.893	2.476	-56.369	88.261	1A.9
Fair value gains/(losses) on financial instruments	£m	3	-9.491	0.000	0.000	0.000	-9.491	1A.10
Profit before tax	£m	3	135.139	-53.893	2.476	-56.369	78.770	1A.11
UK Corporation tax	£m	3	14.000	0.000	-0.619	0.619	14.619	1A.12
Deferred tax	£m	3	-46.900	13.473	0.000	13.473	-33.427	1A.13
Profit for the year	£m	3	102.239	-40.420	1.857	-42.277	59.962	1A.14
Dividends	£m	3	-189.000	0.000	-1.857	1.857	-187.143	1A.15
Tax analysis								
Current year	£m	3	-8.900	0.000	0.619	-0.619	-9.519	1A.16
Adjustment in respect of prior years	£m	3	-5.100	0.000	0.000	0.000	-5.100	1A.17
UK Corporation tax	£m	3	-14.000	0.000	0.619	-0.619	-14.619	1A.18
Analysis of non-appointed revenue								
Imported sludge	£m	3			0.000			1A.19
Tankered waste	£m	3			4.806			1A.20
Other non-appointed revenue	£m	3			5.160			1A.21
Revenue	£m	3			9.967			1A.22

Section 1 Regulatory financial reporting

Pro forma 1B

Statement of comprehensive income for the 12 months ended 31 March 2024

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Profit for the year	£m	3	102.239	-40.420	1.857	-42.277	59.962	1B.1
Actuarial gains/(losses) on post-employment plans	£m	3	-274.900	0.000	0.000	0.000	-274.900	1B.2
Other comprehensive income	£m	3	71.300	0.000	0.000	0.000	71.300	1B.3
Total Comprehensive income for the year	£m	3	-101.361	-40.420	1.857	-42.277	-143.638	1B.4

Section 1 Regulatory financial reporting

Pro forma 1C

Statement of financial position for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Non-current assets								
Fixed assets	£m	3	13,043.667	-465.219	8.097	-473.315	12,570.351	1C.1
Intangible assets	£m	3	124.644	-5.125	0.708	-5.834	118.810	1C.2
Investments - loans to group companies	£m	3	0.000	0.000	0.000	0.000	0.000	1C.3
Investments - other	£m	3	0.044	0.000	0.000	0.000	0.044	1C.4
Financial instruments	£m	3	361.491	0.000	0.000	0.000	361.491	1C.5
Retirement benefit assets	£m	3	195.255	0.000	0.000	0.000	195.255	1C.6
Total non-current assets	£m	3	13,725.100	-470.344	8.805	-479.149	13,245.951	1C.7
Current assets								
Inventories	£m	3	18.756	0.000	9.139	-9.139	9.618	1C.8
Trade & other receivables	£m	3	335.741	38.690	-0.210	38.899	374.640	1C.9
Financial instruments	£m	3	21.292	0.000	0.000	0.000	21.292	1C.10
Cash & cash equivalents	£m	3	1,256.364	0.000	0.000	0.000	1,256.364	1C.11
Total current assets	£m	3	1,632.152	38.690	8.929	29.761	1,661.913	1C.12
Current liabilities								
Trade & other payables	£m	3	-408.466	6.377	-17.477	23.854	-384.612	1C.13
Capex creditor	£m	3	0.000	0.000	0.000	0.000	0.000	1C.14
Borrowings	£m	3	-835.142	19.834	0.000	19.834	-815.308	1C.15
Financial instruments	£m	3	-25.390	0.000	0.000	0.000	-25.390	1C.16
Current tax liabilities	£m	3	0.000	0.000	0.000	0.000	0.000	1C.17
Provisions	£m	3	-13.482	-17.800	0.000	-17.800	-31.282	1C.18
Total current liabilities	£m	3	-1,282.481	8.411	-17.477	25.888	-1,256.593	1C.19
Net Current assets/(liabilities)	£m	3	349.672	47.100	-8.548	55.649	405.320	1C.20
Non-current liabilities								
Trade & other payables	£m	3	-957.902	938.006	0.000	938.006	-19.896	1C.21
Borrowings	£m	3	-9,616.074	0.000	0.000	0.000	-9,616.074	1C.22
Financial instruments	£m	3	-255.205	0.000	0.000	0.000	-255.205	1C.23
Retirement benefit obligations	£m	3	0.000	0.000	0.000	0.000	0.000	1C.24
Provisions	£m	3	0.000	0.000	0.000	0.000	0.000	1C.25
Deferred income – grants & contributions	£m	3	0.000	-286.311	-0.257	-286.054	-286.054	1C.26
Deferred income - adopted assets	£m	3	0.000	-623.066	0.000	-623.066	-623.066	1C.27
Preference share capital	£m	3	0.000	0.000	0.000	0.000	0.000	1C.28
Deferred tax	£m	3	-1,905.604	69.811	0.000	69.811	-1,835.793	1C.29
Total non-current liabilities	£m	3	-12,734.785	98.440	-0.257	98.697	-12,636.088	1C.30
Net assets	£m	3	1,339.987	-324.803	0.000	-324.803	1,015.183	1C.31
Equity								
Called up share capital	£m	3	-230.000	0.000	0.000	0.000	-230.000	1C.32
Retained earnings & other reserves	£m	3	-1,109.987	324.803	0.000	324.803	-785.183	1C.33
Total Equity	£m	3	-1,339.987	324.803	0.000	324.803	-1,015.183	1C.34

Section 1 Regulatory financial reporting

Pro forma 1D

Statement of cash flows for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Operating activities								
Operating profit	£m	3	486.279	-16.560	-1.079	-15.482	470.797	1D.1
Other income	£m	3	0.000	26.233	3.555	22.678	22.678	1D.2
Depreciation	£m	3	438.877	-11.182	0.717	-11.899	426.978	1D.3
Amortisation – Grants & contributions	£m	3	-17.429	17.429	0.000	17.429	0.000	1D.4
Changes in working capital	£m	3	-39.003	-15.920	1.071	-16.991	-55.994	1D.5
Pension contributions	£m	3	-7.593	0.000	0.000	0.000	-7.593	1D.6
Movement in provisions	£m	3	0.416	0.000	0.000	0.000	0.416	1D.7
Profit on sale of fixed assets	£m	3	6.744	0.000	0.000	0.000	6.744	1D.8
Cash generated from operations	£m	3	868.290	0.000	4.265	-4.265	864.026	1D.9
Net interest paid	£m	3	-131.101	0.000	0.000	0.000	-131.101	1D.10
Tax paid	£m	3	1.371	0.000	0.068	-0.068	1.303	1D.11
Net cash generated from operating activities	£m	3	738.560	0.000	4.332	-4.332	734.228	1D.12
Investing activities								
Capital expenditure	£m	3	-763.606	0.000	-2.475	2.475	-761.131	1D.13
Grants & Contributions	£m	3	27.844	0.000	0.000	0.000	27.844	1D.14
Disposal of fixed assets	£m	3	4.800	0.000	0.000	0.000	4.800	1D.15
Other	£m	3	0.000	0.000	0.000	0.000	0.000	1D.16
Net cash used in investing activities	£m	3	-730.961	0.000	-2.475	2.475	-728.486	1D.17
Net cash generated before financing activities	£m	3	7.599	0.000	1.857	-1.857	5.741	1D.18
Cashflows from financing activities								
Equity dividends paid	£m	3	-189.000	0.000	-1.857	1.857	-187.143	1D.19
Net loans received	£m	3	1,192.614	0.000	0.000	0.000	1,192.614	1D.20
Cash inflow from equity financing	£m	3	0.000	0.000	0.000	0.000	0.000	1D.21
Net cash generated from financing activities	£m	3	1,003.614	0.000	-1.857	1.857	1,005.472	1D.22
Increase (decrease) in net cash	£m	3	1,011.213	0.000	0.000	0.000	1,011.213	1D.23

Section 1 Regulatory financial reporting

Pro forma 1E

Net debt analysis (appointed activities) at 31 March 2024

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Fixed rate	Floating rate	Index linked		Total	RAG 4 reference
					RPI	CPI/CPIH		
Interest rate risk profile								
Borrowings (excluding preference shares)	£m	3	3,283.887	2,586.017	3,436.417	1,307.251	10,613.571	1E.1
Preference share capital	£m	3	0.000				0.000	1E.2
Total borrowings	£m	3	3,283.887	2,586.017	3,436.417	1,307.251	10,613.571	1E.3
Cash	£m	3					-3.064	1E.4
Short term deposits	£m	3					-1,253.300	1E.5
Net Debt	£m	3					9,357.207	1E.6
Gearing								
Gearing	%	3					66.985%	1E.7
Adjusted Gearing	%	3					66.985%	1E.8
Interest								
Full year equivalent nominal interest cost	£m	3	123.923	133.502	197.523	34.254	489.201	1E.9
Full year equivalent cash interest payment	£m	3	123.923	133.502	47.611	-7.101	297.935	1E.10
Indicative interest rates								
Indicative weighted average nominal interest rate	%	3	3.774%	5.162%	5.748%	2.620%	4.609%	1E.11
Indicative weighted average cash interest rate	%	3	3.774%	5.162%	1.385%	-0.543%	2.807%	1E.12
Time to maturity								
Weighted average years to maturity	nr	3	11.682	0.000	18.540	9.913	12.742	1E.13

Section 1 Regulatory financial reporting

Pro forma 1F

Financial flows for the 12 months ended 31 March 2024 and for the price review to date

Keys to cells

- Input cell
- Calculation cell
- Copy cell

			12 months ended 31 March 2024						Average 2020-25						
Line description			Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	RAG 4 reference
	Units		%			£m			%			£m			
Regulatory equity	DPs		2			3			2			3			
Regulatory equity	£m	3	4,435.877	4,435.877	3,568.180				4,452.662	4,452.662	3,771.673				1F.1
Return on regulatory equity															
Return on regulatory equity	See Column Heading		4.00%	3.22%	4.00%	177.474	142.758	142.758	3.96%	3.35%	3.96%	176.162	149.220	149.220	1F.2
Financing															
Impact of movement from notional gearing	See Column Heading			0.78%	0.36%		34.715	12.846		0.61%	0.29%		26.942	11.020	1F.3
Gearing benefits sharing	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.4
Variance in corporation tax	See Column Heading			2.55%	3.17%		113.199	113.199		1.85%	2.18%		82.293	82.293	1F.5
Group relief	See Column Heading			0.00%	0.00%		0.000	0.000		-0.01%	-0.01%		-0.412	-0.412	1F.6
Cost of debt	See Column Heading			3.82%	5.34%		169.662	190.581		2.50%	3.30%		111.469	124.479	1F.7
Hedging instruments	See Column Heading			0.45%	0.56%		20.099	20.099		0.45%	0.53%		20.106	20.106	1F.8
Return on regulatory equity including Financing adjustments	See Column Heading		4.00%	10.83%	13.44%	177.474	480.434	479.484	3.96%	8.75%	10.25%	176.162	389.617	386.706	1F.9
Operational Performance															
Totex out / (under) performance	See Column Heading			-2.77%	-3.44%		-122.895	-122.895		-1.11%	-1.31%		-49.324	-49.324	1F.10
ODI out / (under) performance	See Column Heading			0.64%	0.79%		28.192	28.192		0.45%	0.53%		19.878	19.878	1F.11
C-Mex out / (under) performance	See Column Heading			0.07%	0.08%		3.024	3.024		0.04%	0.05%		1.821	1.821	1F.12
D-Mex out / (under) performance	See Column Heading			0.00%	0.00%		0.046	0.046		0.01%	0.01%		0.479	0.479	1F.13
Retail out / (under) performance	See Column Heading			-0.43%	-0.54%		-19.284	-19.284		-0.30%	-0.35%		-13.349	-13.349	1F.14
Other exceptional items	See Column Heading			0.02%	0.02%		0.859	0.859		0.03%	0.04%		1.388	1.388	1F.15
Operational performance total	See Column Heading			-2.48%	-3.08%		-110.058	-110.058		-0.88%	-1.04%		-39.108	-39.108	1F.16
RoRE (return on regulatory equity)	See Column Heading		4.00%	8.35%	10.35%	177.474	370.376	369.426	3.96%	7.87%	9.22%	176.162	350.510	347.598	1F.17
RCV growth	See Column Heading		4.65%	4.65%	4.65%	206.329	206.329	165.970	5.80%	5.80%	5.80%	258.381	258.381	218.864	1F.18
Voluntary sharing arrangements	See Column Heading			-0.22%	-0.28%		-9.930	-9.930		-0.22%	-0.26%		-9.783	-9.783	1F.19
Total shareholder return	See Column Heading		8.65%	12.78%	14.73%	383.803	566.776	525.465	9.76%	13.46%	14.76%	434.543	599.108	556.680	1F.20
Dividends															
Gross Dividend	See Column Heading		3.00%	3.39%	4.21%	133.076	150.159	150.159	3.00%	4.72%	5.57%	133.580	210.091	210.091	1F.21
Interest Receivable on Intercompany loans	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.22
Retained Value	See Column Heading		5.65%	9.39%	10.52%	250.727	416.617	375.306	6.76%	8.74%	9.19%	300.963	389.017	346.589	1F.23
Cash impact of 2015-20 performance adjustments															
Totex out / under performance	See Column Heading			0.29%	0.36%		12.871	12.871		0.29%	0.34%		12.871	12.871	1F.24
ODI out / under performance	See Column Heading			-0.02%	-0.02%		-0.686	-0.686		-0.02%	-0.02%		-0.686	-0.686	1F.25
Total out / under performance	See Column Heading			0.27%	0.34%		12.186	12.186		0.27%	0.32%		12.186	12.186	1F.26

Section 2 Price review and other segmental reporting

Additional commentary on the Section 2 pro forma tables is provided on page 147 to 148.

Keys to cells
Input cell
Calculation cell
Copy cell

Pro forma 2A

Segmental income statement for the 12 months ended 31 March 2024

Line description	Units	DPs	Residential retail	Business retail	Water resources	Water Network+	Wastewater Network+	Bioresources	Total	RAG 4 reference
Revenue - price control	£m	3	123.808	0.000	119.229	701.412	882.371	108.899	1,935.719	2A.1
Revenue - non price control	£m	3	0.000	0.000	0.732	2.531	1.033	0.081	4.377	2A.2
Operating expenditure - excluding PU recharge impact	£m	3	-109.926	0.000	-75.597	-386.734	-417.709	-45.611	-1,035.577	2A.3
PU opex recharge	£m	3	-1.925	0.000	0.342	-8.172	12.274	-2.518	0.000	2A.4
Operating expenditure - including PU recharge impact	£m	3	-111.851	0.000	-75.255	-394.906	-405.435	-48.129	-1,035.577	2A.5
Depreciation - tangible fixed assets	£m	3	-1.662	0.000	-10.016	-127.485	-209.050	-47.726	-395.939	2A.6
Amortisation - intangible fixed assets	£m	3	-6.055	0.000	-0.087	-5.905	-18.366	-0.626	-31.039	2A.7
Other operating income	£m	3	-0.002	0.000	0.002	-2.759	-2.995	-0.990	-6.744	2A.8
Operating profit	£m	3	4.238	0.000	34.604	172.887	247.558	11.509	470.796	2A.9
Surface water drainage rebates										
Surface water drainage rebates	£m	3							5.244	2A.10

Section 2 Price review and other segmental reporting

Pro forma 2B

Totex analysis for the 12 months ended 31 March 2024 – wholesale

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water resources	Water Network+	Wastewater Network+	Bioresources	Total	RAG 4 reference
Base operating expenditure								
Power	£m	3	9.562	55.576	109.928	-12.637	162.429	2B.1
Income treated as negative expenditure	£m	3	0.000	-0.477	0.000	-13.803	-14.280	2B.2
Service charges/ discharge consents	£m	3	24.562	0.280	7.641	0.049	32.532	2B.3
Bulk Supply/Bulk discharge	£m	3	0.116	0.148	0.000	0.000	0.264	2B.4
Renewals expensed in year (Infrastructure)	£m	3	12.754	110.325	83.027	-0.070	206.036	2B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	2B.6
Other operating expenditure (including Location specific costs & obligations)	£m	3	12.601	175.887	159.916	67.008	415.412	2B.7
Local authority and Cumulo rates	£m	3	13.790	37.194	23.503	7.078	81.566	2B.8
Total base operating expenditure	£m	3	73.386	378.933	384.015	47.624	883.959	2B.9
Other operating expenditure								
Enhancement operating expenditure	£m	3	1.493	2.516	18.985	0.457	23.451	2B.10
Developer services operating expenditure	£m	3	0.000	10.991	1.661	0.000	12.652	2B.11
Total operating expenditure excluding third party services	£m	3	74.878	392.441	404.661	48.082	920.062	2B.12
Third party services	£m	3	0.377	2.466	0.774	0.048	3.664	2B.13
Total operating expenditure	£m	3	75.255	394.906	405.435	48.129	923.726	2B.14
Grants and contributions								
Grants and contributions - operating expenditure	£m	3	0.000	10.221	1.324	0.000	11.545	2B.15
Capital expenditure								
Base capital expenditure	£m	3	5.252	139.616	169.329	29.905	344.102	2B.16
Enhancement capital expenditure	£m	3	12.784	88.040	274.299	5.552	380.676	2B.17
Developer services capital expenditure	£m	3	0.000	27.187	12.725	0.000	39.911	2B.18
Total gross capital expenditure excluding third party services	£m	3	18.036	254.843	456.353	35.457	764.689	2B.19
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	2B.20
Total gross capital expenditure	£m	3	18.036	254.843	456.353	35.457	764.689	2B.21
Grants and contributions								
Grants and contributions - capital expenditure	£m	3	0.000	-3.491	7.272	0.000	3.781	2B.22
Net totex	£m	3	93.291	643.019	853.192	83.586	1,673.089	2B.23
Cash expenditure								
Pension deficit recovery payments	£m	3	0.000	0.000	0.000	0.000	0.000	2B.24
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	2B.25
Totex including cash items	£m	3	93.291	643.019	853.192	83.586	1,673.089	2B.26

Section 2 Price review and other segmental reporting

Pro forma 2C

Cost analysis for the 12 months ended 31 March 2024 - retail

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Residential	Business	Total	RAG 4 reference
Operating expenditure						
Customer services	£m	3	23.614	0.000	23.614	2C.1
Debt management	£m	3	13.769	0.000	13.769	2C.2
Doubtful debts	£m	3	53.718	0.000	53.718	2C.3
Meter reading	£m	3	3.737	0.000	3.737	2C.4
Services to developers	£m	3		0.000	0.000	2C.5
Other operating expenditure	£m	3	15.088	0.000	15.088	2C.6
Local authority and Cumulo rates	£m	3	0.000	0.000	0.000	2C.7
Total operating expenditure excluding third party services	£m	3	109.926	0.000	109.926	2C.8
Depreciation						
Depreciation (tangible fixed assets) on assets existing at 31 March 2015	£m	3	0.000	0.000	0.000	2C.9
Depreciation (tangible fixed assets) on assets acquired after 1 April 2015	£m	3	1.662	0.000	1.662	2C.10
Amortisation (intangible fixed assets) on assets existing at 31 March 2015	£m	3	0.000	0.000	0.000	2C.11
Amortisation (intangible fixed assets) on assets acquired after 1 April 2015	£m	3	6.055	0.000	6.055	2C.12
Recharges						
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	£m	3	0.249	0.000	0.249	2C.13
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	£m	3	0.000	0.000	0.000	2C.14
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	£m	3	2.152	0.000	2.152	2C.15
Income from wholesale assets acquired after 1 April 2015 principally used by retail	£m	3	0.476	0.000	0.476	2C.16
Net recharges costs	£m	3	1.925	0.000	1.925	2C.17
Total retail costs excluding third party and pension deficit repair costs	£m	3	119.569	0.000	119.569	2C.18
Third party services operating expenditure	£m	3	0.000	0.000	0.000	2C.19
Pension deficit repair costs	£m	3	0.000	0.000	0.000	2C.20
Total retail costs including third party and pension deficit repair costs	£m	3	119.569	0.000	119.569	2C.21
Debt written off						
Debt written off	£m	3	42.379	0.000	42.379	2C.22
Capital expenditure						
Capital expenditure	£m	3	1.170	0.000	1.170	2C.23
Other operating expenditure includes the net retail expenditure for the following household retail activities which are part funded by wholesale						
Demand-side water efficiency - gross expenditure	£m	3	1.817			2C.24
Demand-side water efficiency - expenditure funded by wholesale	£m	3	1.817			2C.25
Demand-side water efficiency - net retail expenditure	£m	3	0.000			2C.26
Customer-side leak repairs - gross expenditure	£m	3	3.469			2C.27
Customer-side leak repairs - expenditure funded by wholesale	£m	3	3.469			2C.28
Customer-side leak repairs - net retail expenditure	£m	3	0.000			2C.29
Comparison of actual and allowed expenditure						
Cumulative actual retail expenditure to reporting year end	£m	3	472.090			2C.30
Cumulative allowed expenditure to reporting year end	£m	3	427.286			2C.31
Total allowed expenditure 2020-25	£m	3	525.768			2C.32

Section 2 Price review and other segmental reporting

Pro forma 2D

Historic cost analysis of tangible fixed assets at 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Residential Retail	Business Retail	Water resources	Water Network+	Wastewater Network+	Bioresources	Total	RAG 4 reference
Cost										
At 1 April 2023	£m	3	48.945	0.000	330.357	6,249.871	9,398.589	1,159.503	17,187.266	2D.1
Disposals	£m	3	-5.277	0.000	-1.285	-56.373	-78.204	-13.112	-154.251	2D.2
Additions	£m	3	0.695	0.000	17.991	245.791	451.300	35.412	751.189	2D.3
Adjustments	£m	3	0.000	0.000	-1.740	-5.809	1.905	-0.474	-6.118	2D.4
Assets adopted at nil cost	£m	3	0.000	0.000	0.000	10.787	50.525	0.000	61.312	2D.5
At 31 March 2024	£m	3	44.363	0.000	345.323	6,444.267	9,824.115	1,181.329	17,839.397	2D.6
Depreciation										
At 1 April 2023	£m	3	-44.005	0.000	-129.916	-1,761.534	-2,448.328	-634.335	-5,018.118	2D.7
Disposals	£m	3	5.273	0.000	0.752	53.668	71.914	12.024	143.631	2D.8
Adjustments	£m	3	0.000	0.000	0.519	1.812	-1.212	0.260	1.379	2D.9
Charge for year	£m	3	-1.662	0.000	-10.016	-127.485	-209.050	-47.726	-395.939	2D.10
At 31 March 2024	£m	3	-40.394	0.000	-138.661	-1,833.539	-2,586.676	-669.777	-5,269.047	2D.11
Net book amount at 31 March 2024	£m	3	3.970	0.000	206.662	4,610.728	7,237.439	511.552	12,570.351	2D.12
Net book amount at 1 April 2023	£m	3	4.940	0.000	200.441	4,488.337	6,950.261	525.168	12,169.148	2D.13
Depreciation charge for year										
Principal services	£m	3	-1.662	0.000	-9.775	-126.584	-209.050	-47.726	-394.797	2D.14
Third party services	£m	3	0.000	0.000	-0.241	-0.901	0.000	0.000	-1.142	2D.15
Total	£m	3	-1.662	0.000	-10.016	-127.485	-209.050	-47.726	-395.939	2D.16

The net book value includes £1,663.2 million in respect of assets in the course of construction.

Pro forma tables subject to audit opinion

Section 2 Price review and other segmental reporting

Pro forma 2E

Analysis of 'grants and contributions' for the 12 months ended 31 March 2024 - water resources, water network+ and wastewater network+

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Fully recognised in income statement	Capitalised and amortised (in income statement)	Fully netted off capex	Total	RAG 4 reference
Grants and contributions - water resources							
Diversions - s185	£m	3	0.000	0.000	0.000	0.000	2E.1
Other contributions (price control)	£m	3	0.000	0.000	0.000	0.000	2E.2
Price control grants and contributions	£m	3	0.000	0.000	0.000	0.000	2E.3
Diversions - NRSWA	£m	3	0.000	0.000	0.000	0.000	2E.4
Diversions - other non-price control	£m	3	0.000	0.000	0.000	0.000	2E.5
Other contributions (non-price control)	£m	3	0.000	0.000	0.000	0.000	2E.6
Total grants and contributions	£m	3	0.000	0.000	0.000	0.000	2E.7
Value of adopted assets	£m	3	0.000	0.000		0.000	2E.8
Grants and contributions - water network+							
Connection charges	£m	3	0.028	7.842	0.000	7.870	2E.9
Infrastructure charge receipts – new connections	£m	3	0.000	5.128	0.000	5.128	2E.10
Requisitioned mains	£m	3	0.000	4.988	0.000	4.988	2E.11
Diversions - s185	£m	3	7.234	0.000	0.000	7.234	2E.12
Other contributions (price control)	£m	3	0.055	0.000	0.000	0.055	2E.13
Price control grants and contributions before deduction of income offset	£m	3	7.317	17.958	0.000	25.275	2E.14
Income offset	£m	3	0.000	21.449	0.000	21.449	2E.15
Price control grants and contributions after deduction of income offset	£m	3	7.317	-3.491	0.000	3.825	2E.16
Diversions - NRSWA	£m	3	2.772	0.000	0.000	2.772	2E.17
Diversions - other non-price control	£m	3	0.133	0.000	0.000	0.133	2E.18
Other contributions (non-price control)	£m	3	0.000	0.000	0.000	0.000	2E.19
Total grants and contributions	£m	3	10.221	-3.491	0.000	6.730	2E.20
Value of adopted assets	£m	3	0.000	10.787		10.787	2E.21
Grants and contributions - wastewater network+							
Receipts for on-site work	£m	3	0.000	0.000	0.000	0.000	2E.22
Infrastructure charge receipts – new connections	£m	3	0.000	5.700	0.000	5.700	2E.23
Diversions - s185	£m	3	0.900	0.000	0.000	0.900	2E.24
Other contributions (price control)	£m	3	0.000	1.573	0.000	1.573	2E.25
Price control grants and contributions before deduction of income offset	£m	3	0.900	7.272	0.000	8.172	2E.26
Income offset	£m	3	0.000	0.000	0.000	0.000	2E.27
Price control grants and contributions after deduction of income offset	£m	3	0.900	7.272	0.000	8.172	2E.28
Diversions - NRSWA	£m	3	0.345	0.000	0.000	0.345	2E.29
Diversions - other non-price control	£m	3	0.078	0.000	0.000	0.078	2E.30
Other Contributions (non-price control)	£m	3	0.000	0.000	0.000	0.000	2E.31
Total grants and contributions	£m	3	1.324	7.272	0.000	8.596	2E.32
Value of adopted assets	£m	3	0.000	50.525		50.525	2E.33

Line description	Units	DPs	Water resources	Water network+	Total		
Movements in capitalised grants and contributions							
b/f	£m	3	0.028	151.182	142.462	293.672	2E.34
Capitalised in year	£m	3	0.000	-3.491	7.272	3.781	2E.35
Amortisation (in income statement)	£m	3	-0.005	-2.743	-3.060	-5.808	2E.36
c/f	£m	3	0.023	144.947	146.675	291.645	2E.37

2023/24 brought forward value within water resources and water network+ includes adjustments of £1.125m and £3.614m respectively from 2022/23 carried forward. These relate to unamortised government grant values which have been transferred to property, plant and equipment in the UUW statutory accounts.

Section 2 Price review and other segmental reporting

Pro forma 2F

Residential retail for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Revenue	Number of customers	Average residential revenues	RAG 4 reference
Units	£m	000s	£	
DPs	3	3	3	
Residential revenue				
Wholesale revenue	1,281.829			2F.1
Retail revenue	123.808			2F.2
Total residential revenue	1,405.637			2F.3
Retail revenue				
Revenue Recovered ("RR")	123.808			2F.4
Revenue sacrifice	12.376			2F.5
Actual revenue (net)	136.184			2F.6
Customer information				
Actual customers ("AC")		3,233.913		2F.7
Reforecast customers		3,247.729		2F.8
Adjustment				
Allowed revenue ("R")	131.846			2F.9
Net adjustment	-4.338			2F.10
Other residential information				
Average household retail revenue per customer			42.111	2F.11

Pro forma 2G and 2H

Non-household water and wastewater – revenues by tariff type

As per RAG 4.12, Tables 2G & 2H should only be completed by Welsh companies. Please refer to Table 2I, page 128, for the corresponding wholesale revenue.

Section 2 Price review and other segmental reporting

Pro forma 2I

Revenue analysis for the 12 months ended 31 March 2024

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Household	Non-household	Total	Water resources	Water network+	Total	RAG 4 reference
Wholesale charge - water									
Unmeasured	£m	3	342.226	3.509	345.735	51.448	294.287	345.735	2I.1
Measured	£m	3	269.606	202.286	471.891	66.056	405.835	471.891	2I.2
Third party revenue	£m	3	0.000	3.014	3.014	1.724	1.289	3.014	2I.3
Total wholesale water revenue	£m	3	611.832	208.808	820.640	119.229	701.412	820.640	2I.4

Line description	Units	DPs	Household	Non-household	Total	Wastewater network+	Bioresources	Total	RAG 4 reference
Wholesale charge - wastewater									
Unmeasured - foul charges	£m	3	223.938	2.634	226.572	175.055	51.517	226.572	2I.5
Unmeasured - surface water charges	£m	3	100.909	1.661	102.570	102.526	0.044	102.570	2I.6
Unmeasured - highway drainage charges	£m	3	43.529	0.750	44.279	44.256	0.023	44.279	2I.7
Measured - foul charges	£m	3	152.445	119.394	271.839	214.661	57.178	271.839	2I.8
Measured - surface water charges	£m	3	102.854	121.777	224.631	224.549	0.082	224.631	2I.9
Measured - highway drainage charges	£m	3	46.321	74.553	120.875	120.820	0.054	120.875	2I.10
Third party revenue	£m	3	0.000	0.504	0.504	0.504	0.000	0.504	2I.11
Total wholesale wastewater revenue	£m	3	669.996	321.274	991.270	882.371	108.899	991.270	2I.12
Wholesale charge - Additional Control									
Unmeasured	£m	3	0.000	0.000	0.000				2I.13
Measured	£m	3	0.000	0.000	0.000				2I.14
Total wholesale additional control revenue	£m	3	0.000	0.000	0.000				2I.15
Wholesale Total	£m	3	1,281.829	530.082	1,811.910				2I.16
Retail revenue									
Unmeasured	£m	3	58.918	0.000	58.918				2I.17
Measured	£m	3	64.890	0.000	64.890				2I.18
Retail third party revenue	£m	3	0.000	0.000	0.000				2I.19
Total retail revenue	£m	3	123.808	0.000	123.808				2I.20
Third party revenue - non-price control									
Bulk supplies - water	£m	3			1.153				2I.21
Bulk supplies - wastewater	£m	3			1.114				2I.22
Other third-party revenue - non price control	£m	3			1.968				2I.23
Principal services - non-price control									
Other appointed revenue	£m	3			0.143				2I.24
Total appointed revenue	£m	3			1,940.096				2I.25

Section 2 Price review and other segmental reporting

Pro forma 2J

Infrastructure network reinforcement costs for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Network reinforcement capex	On site / site specific capex (memo only)	RAG 4 reference
Wholesale water network+ (treated water distribution)					
Distribution and trunk mains	£m	3	7.763	0.269	2J.1
Pumping and storage facilities	£m	3	0.000	0.000	2J.2
Other	£m	3	0.000	0.000	2J.3
Total	£m	3	7.763	0.269	2J.4
Wholesale wastewater network+ (sewage collection)					
Foul and combined systems	£m	3	3.928	0.000	2J.5
Surface water only systems	£m	3	5.020	0.000	2J.6
Pumping and storage facilities	£m	3	0.000	0.000	2J.7
Other	£m	3	0.000	0.000	2J.8
Total	£m	3	8.948	0.000	2J.9

Section 2 Price review and other segmental reporting

Pro forma 2K

Infrastructure charges reconciliation for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water	Wastewater	Total	RAG 4 reference
Impact of infrastructure charge discounts						
Infrastructure charges	£m	3	5.128	5.700	10.827	2K.1
Discounts applied to infrastructure charges	£m	3	0.000	0.000	0.000	2K.2
Gross Infrastructure charges	£m	3	5.128	5.700	10.827	2K.3
Comparison of revenue and costs						
Variance brought forward	£m	3	10.666	14.214	24.880	2K.4
Revenue	£m	3	5.128	5.700	10.827	2K.5
Costs	£m	3	-7.763	-8.948	-16.711	2K.6
Variance carried forward	£m	3	8.031	10.965	18.996	2K.7

Pro forma 2L

Analysis of land sales for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water resources	Water Network+	Wastewater Network+	Total	RAG 4 reference
Land sales – proceeds from disposals of protected land	£m	3	1.773	0.084	0.284	2.140	2L.1

Section 2 Price review and other segmental reporting

Pro forma 2M

Revenue reconciliation for the 12 months ended 31 March 2024 – wholesale

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water resources	Water network+	Wastewater network+	Bioresources	Total	RAG 4 reference
Revenue recognised								
Wholesale revenue governed by price control	£m	3	119.229	701.412	882.371	108.899	1,811.910	2M.1
Grants & contributions (price control)	£m	3	0.000	3.825	8.172	0.000	11.998	2M.2
Total revenue governed by wholesale price control	£m	3	119.229	705.237	890.543	108.899	1,823.908	2M.3
Calculation of the revenue cap								
Allowed wholesale revenue before adjustments (or modified by CMA)	£m	3	127.318	722.659	907.328	118.212	1,875.517	2M.4
Allowed grants & contributions before adjustments (or modified by CMA)	£m	3	0.000	5.350	11.840	0.000	17.189	2M.5
Revenue adjustment	£m	3	-6.518	-22.697	-34.813	-5.009	-69.037	2M.6
Other adjustments	£m	3	0.000	0.000	0.000	0.000	0.000	2M.7
Revenue cap	£m	3	120.800	705.311	884.355	113.203	1,823.669	2M.8
Calculation of the revenue imbalance								
Revenue cap	£m	3	120.800	705.311	884.355	113.203	1,823.669	2M.9
Revenue Recovered	£m	3	119.229	705.237	890.543	108.899	1,823.908	2M.10
Revenue imbalance	£m	3	1.571	0.074	-6.189	4.304	-0.239	2M.11

Section 2 Price review and other segmental reporting

Pro forma 2N

Household affordability support and debt

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Revenue	Number of customers	Average amount per customer	RAG 4 reference
Units	£m	000s	£	
DPs	3	3	3	
Section A - social tariffs				
Number of residential customers on social tariffs				
Residential water only social tariffs customers		0.401		2N.1
Residential wastewater only social tariffs customers		1.003		2N.2
Residential dual service social tariffs customers		150.613		2N.3
Number of residential customers not on social tariffs				
Residential water only no social tariffs customers		75.934		2N.4
Residential wastewater only no social tariffs customers		83.289		2N.5
Residential dual service no social tariffs customers		2,922.673		2N.6
Social tariff discount				
Average discount per water only social tariffs customer			195.935	2N.7
Average discount per wastewater only social tariffs customer			236.527	2N.8
Average discount per dual service social tariffs customer			225.440	2N.9
Social tariff cross-subsidy - residential customers				
Total customer funded cross-subsidies for water only social tariffs customers	0.050			2N.10
Total customer funded cross-subsidies for wastewater only social tariffs customers	0.142			2N.11
Total customer funded cross-subsidies for dual service social tariffs customers	21.703			2N.12
Average customer funded cross-subsidy per water only social tariffs customer			0.657	2N.13
Average customer funded cross-subsidy per wastewater only social tariffs customer			1.679	2N.14
Average customer funded cross-subsidy per dual service social tariffs customer			7.062	2N.15
Social tariff cross-subsidy - company				
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	0.028			2N.16
Total revenue forgone by company to fund cross-subsidies for wastewater only social tariffs customers	0.096			2N.17
Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers	12.252			2N.18
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer			70.854	2N.19
Average revenue forgone by company to fund cross-subsidy per wastewater only social tariffs customer			95.425	2N.20
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer			81.345	2N.21
Social tariff support - willingness to pay				
Level of support for social tariff customers reflected in business plan			2.253	2N.22
Maximum contribution to social tariffs supported by customer engagement			8.004	2N.23
Section B - WaterSure tariffs				
WaterSure tariffs				
Number of unique customers on WaterSure		28.986		2N.24
Total reduction in bills for WaterSure customers	10.623			2N.25
Average reduction in bills for WaterSure customers			366.474	2N.26

Section C - other direct bill reduction schemes for household customers struggling to pay

Other bill reduction schemes					
Line description	Target households	Number of unique households helped by scheme	Total amount bills reduced by through scheme	Funding source	
Units	Text	000s	£m	Text	
DPs		3	3		
Payment Matching	Unique households with matched payments	44.031	13.880	Company funded	2N.27a
UU Trust Fund (hardship fund)	Unique households with Trust fund grant	3.730	2.738	Company funded	2N.27b
Lowest bill guarantee	Unique income deprived households with savings made from their LBG/EM charges	6.250	0.973	Implicit revenue rebalance across customer groups	2N.27c
Direct Debit discount	Unique income deprived households with savings made via Direct Debit Discount (£5 per account)	242.823	1.214	Implicit revenue rebalance across customer groups	2N.27d
Local Authority discount	Unique income deprived households with savings made via LA Discount (£10 per account)	25.879	0.259	Implicit revenue rebalance across customer groups	2N.27e

Section D - debt metrics

Total number of household customers served - active and final accounts				
Line description	Water only	Wastewater only	Dual service	
Units	000s	000s	000s	
DPs	3	3	3	
Number of household customers served – active accounts	79.402	88.991	3,203.478	2N.28
Number of household customers served – final accounts	0.655	0.616	92.694	2N.29

Household customers in arrears			
Line description	Number of households	Total amount of debt	
Units	000s	£m	
DPs	3	3	
Households in arrears – active accounts with debt repayment arrangements	113.167	95.899	2N.30
Households in arrears – final accounts with debt repayment arrangements	4.369	2.520	2N.31
Households in arrears – active accounts without debt repayment arrangements	171.323	171.131	2N.32
Households in arrears – final accounts without debt repayment arrangements	69.408	42.518	2N.33
Households not having made any payment for the year – active accounts	122.574	195.778	2N.34
Households not having made any payment for the year – final accounts	64.971	37.633	2N.35

Temporary payment suspension			
Line description	Number of households	Total amount deferred	
Units	000s	£m	
DPs	3	3	
Households with temporarily suspended payments – payment break arrangements	0.049	0.005	2N.36
Households with temporarily suspended payments – breathing space arrangements	3.356	3.498	2N.37

Household debt collection through third party agents where water company remains creditor			
Line description	Number of households	Total value of debt	
Units	000s	£m	
DPs	3	3	
Debt collected by external agents – active accounts	147.216	141.441	2N.38
Debt collected by external agents – final accounts	56.886	28.960	2N.39
Number of Priority Services Register customers with debt passed on to external debt collection agents – active and final accounts	13.224	9.911	2N.40

Household debt sold to external agencies				
Line description	Number of accounts	Total value of debt	Total sale value of debt	
Units	000s	£m	£m	
DPs	3	3	3	
Debt sold to an external agency / third party debt purchaser – active accounts	0.000	0.000	0.000	2N.41
Debt sold to an external agency / third party debt purchaser – final accounts	0.000	0.000	0.000	2N.42
Number of Priority Services Register customers with debt sold to an external agency / third party debt purchaser – active and final accounts	0.000	0.000	0.000	2N.43

Unpaid household bills referred to courts			
Line description	Number of accounts	Total amount involved	
Units	000s	£m	
DPs	3	3	
Number of county court claims	14.359	11.309	2N.44
Number of county court judgements	11.479	9.545	2N.45
Number of county court judgement enforcements	7.510	2.926	2N.46
Number of high court claims	1.519	2.400	2N.47
Number of high court judgements	1.480	2.340	2N.48
Number of high court judgement enforcements	0.614	0.837	2N.49

Section E - Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS)

GSS payments to household customers				
Line description	Number of payments	Total amount	Number of unique households	
Units	000s	£m	000s	
DPs	3	3	3	
Total value of payments made to household customers under GSS		1.226		2N.50
Total number of payments made to household customers under GSS	24.278			2N.51
Total number of unique household customers receiving GSS payments			22.718	2N.52

Number and value of GSS and other payments to household customers by type in the reporting period					
Line description	Total number of unique payments made to household customers under GSS	Total value of payments made in relation to column 1	Total number of unique payments to household customers that could be classed as compensation or goodwill (including all payments made under GSS, customer charter payments and/or other payments e.g. goodwill payments)	Column 4 Total value of payments made in relation to column 3	
Units	000s	£m	000s	£m	
DPs	3	3	3	3	
Keeping of appointments	4.906	0.123	4.906	0.123	2N.53
Incidences of low water pressure	0.306	0.016	3.953	0.120	2N.54
Incorrect notice of planned interruptions to supply	0.994	0.025	1.031	0.026	2N.55
Supply not restored	13.674	0.442	19.298	0.644	2N.56
Written account queries and requests to change payment arrangements not actioned on time	1.057	0.021	1.057	0.021	2N.57
Written complaints not responded to within 10 working days	0.080	0.002	0.096	0.002	2N.58
Properties sewer flooded internally	1.353	0.353	2.727	0.497	2N.59
Properties sewer flooded externally	1.908	0.245	1.914	0.245	2N.60
Wastewater			0.967	0.273	2N.61a
Water			2.722	0.188	2N.61b
Billing			1.953	0.140	2N.61c
Developer Services			0.261	0.071	2N.61d
Metering			1.646	0.069	2N.61e
Payment type_6 (extension of columns 3 & 4)			0.000	0.000	2N.61f
Payment type_7 (extension of columns 3 & 4)			0.000	0.000	2N.61g
Payment type_8 (extension of columns 3 & 4)			0.000	0.000	2N.61h
Payment type_9 (extension of columns 3 & 4)			0.000	0.000	2N.61i
Payment type_10 (extension of columns 3 & 4)			0.000	0.000	2N.61i
Late payment penalties (paid in relation to lines 2N.53 to 2N.60)	7.733	0.133			2N.62

Section 2 Price review and other segmental reporting

Pro forma 2O

Historic cost analysis of intangible fixed assets

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Residential Retail	Business Retail	Water Resources	Water Network+	Wastewater Network+	Bioresources	Total	RAG 4 reference
Cost										
At 1 April 2023	£m	3	82.543	0.000	1.031	82.842	262.737	5.515	434.668	2O.1
Disposals	£m	3	-9.323	0.000	-0.277	-34.027	-35.559	-0.118	-79.304	2O.2
Additions	£m	3	0.475	0.000	0.046	9.052	5.054	0.045	14.672	2O.3
Adjustments	£m	3	0.000	0.000	-0.207	-0.020	0.227	0.000	0.000	2O.4
Assets adopted at nil cost	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2O.5
At 31 March 2024	£m	3	73.695	0.000	0.593	57.847	232.459	5.442	370.036	2O.6
Amortisation										
At 1 April 2023	£m	3	-59.870	0.000	-0.580	-52.492	-181.281	-4.306	-298.529	2O.7
Disposals	£m	3	9.323	0.000	0.272	33.746	34.883	0.118	78.342	2O.8
Adjustments	£m	3	0.000	0.000	0.000	0.534	-0.534	0.000	0.000	2O.9
Charge for year	£m	3	-6.055	0.000	-0.087	-5.905	-18.366	-0.626	-31.039	2O.10
At 31 March 2024	£m	3	-56.602	0.000	-0.395	-24.117	-165.298	-4.814	-251.226	2O.11
Net book amount at 31 March 2024	£m	3	17.093	0.000	0.198	33.730	67.161	0.628	118.810	2O.12
Net book amount at 1 April 2023	£m	3	22.673	0.000	0.451	30.350	81.456	1.209	136.139	2O.13
Amortisation for year										
Principal services	£m	3	-6.055	0.000	-0.087	-5.905	-18.366	-0.626	-31.039	2O.14
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2O.15
Total	£m	3	-6.055	0.000	-0.087	-5.905	-18.366	-0.626	-31.039	2O.16

The net book value includes £24.1m in respect of assets in the course of construction.

Accounting policies

The Regulatory Accounts have been prepared in accordance with IFRS, except for deviations required by Ofwat. Areas of deviation include revenue recognition, capitalisation of interest, grants and contributions and adopted assets, direct procurement for customers (DPC) and innovation fund costs reporting. Details of all significant accounting policies applied under IFRS are detailed in the United Utilities Water Limited statutory accounts. In addition, the RAGs require certain presentational differences within the income statement and statement of financial position between the statutory and the regulatory accounts.

The financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the company has adequate resources for a period of at least 12 months from the date of the approval of the financial statements and that there are no material uncertainties to disclose.

In assessing the appropriateness of the going concern basis of accounting, the directors have reviewed the resources available to the company in the form of cash and committed facilities as well as consideration of the company's capital adequacy, along with a baseline plan that incorporates latest views of the current economic climate. The directors have considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, and the likely effectiveness of mitigating actions that the directors would consider undertaking. The baseline position has been subjected to a number of severe, but plausible, downside scenarios in order to assess the company's ability to operate within the amounts and terms (including relevant covenants) of existing facilities. These scenarios consider: the potential impacts of increased totex costs, including a significant one-off totex impact of £400 million arising in the assessment period; CPIH inflation (-2.0 per cent compared with baseline plan); elevated levels of bad debt of £15 million per annum; outcome delivery incentive penalties equivalent to 1.0 per cent of RoRE per annum; and the impact of these factors materialising on a combined basis. Mitigating actions were considered to include deferral of capital expenditure; a reduction in other discretionary totex spend; the close out of derivative asset balances; and the deferral or suspension of dividend payments.

Consequently, the directors are satisfied that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and that the severe but plausible downside scenarios indicate that the company will be able to operate within the amounts and terms (including relevant covenants) of existing facilities. The financial statements have therefore been prepared on a going concern basis.

Capitalisation policy

The company recognises property, plant and equipment (PPE) expenditure on its water and wastewater infrastructure assets where such expenditure enhances or increases the capacity and/or resilience of the network, whereas any expenditure classed as maintenance is expensed in the period it is incurred. Determining enhancement from maintenance expenditure is a subjective area, particularly when projects have both elements within them.

For non-infrastructure assets, expenditure that is directly attributable to the acquisition of the items of PPE and intangible assets is capitalised. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The company applies a minimum capital limit per project of £500, any expenditure below this limit is expensed. The only exception to IFRS, as required by RAG 1.09 'Principles and guidelines for regulatory reporting under the 'new UK GAAP' regime', is that the company does not capitalise interest in the Regulatory Accounts.

Price control segments policy

The accounts have been drawn up in accordance with RAG 2.08 'Guideline for classification of costs across the price controls'. Following our formal exit of the non-household market in 2016, we continue to exclude Tables 2G and 2H from the Regulatory Accounts which previously provided breakdowns of our non-household revenues by tariff type.

As noted in our Accounting Policies note to the UUW statutory accounts, management capitalises time and resources incurred by the company's support functions on capital programmes. In accordance with RAG 1.09 our historic cost accounting statements are in line with IFRS, except for deviations as specifically required by Ofwat (see 'Differences between statutory and RAG definitions' on pages 142 to 143). As such, any attribution or allocation of support costs between price controls is performed on the net cost balance after capitalisation. This approach is consistent with prior years and with our price review submission.

All notable methodology changes from the prior year, as well as details of cost allocations used per cost line, can be found in our 2023/24 accounting methodology statement, published on our website alongside the APR.

Allocation of costs to principal services

Direct costs are charged to the sub-service areas to which they are attributable, as defined in RAG 4.12. Business activities and indirect costs are allocated on an activity basis using quantitative measures such as full time equivalent employee numbers and other methods reflecting consumption of service.

Appointed and non-appointed activities

The company has used the guidance in RAG 4.12 Appendix 1 in determining which of its activities are appointed or non-appointed. In summary, the appointed business is defined as the regulated activities of the Appointee, i.e. those necessary to fulfil the functions and duties of a water and sewerage undertaker. The non-appointed business encompasses those activities for which the company is not a monopoly supplier or those activities which involve the optional use of an asset owned by the appointed business.

Revenue recognition policy

Revenue represents the income receivable in the ordinary course of business from the regulated activities of the business in the year exclusive of value added tax. Charges billed to customers for water and sewerage services are recognised in the period in which they are earned. An accrual is estimated for measured consumption that has not yet been billed.

Where an invoice has been raised for services not provided in the year this will not be recognised within the current year's revenue, and any payment received against that invoice will be recognised within creditors.

Charges on income arising from court, solicitors and debt recovery agency fees are credited to operating costs and added to the relevant customer account. They are not recognised within revenue.

Charging policy

Water and sewerage charges fall into the following three categories:

- Charges which are payable in full;
- Charges which are payable in part; and
- Not chargeable (void properties).

The circumstances in which each of the above applies are set out below.

Charges payable in full

Water (and sewerage) charges are payable in full in the following circumstances:

Unmeasured household supply – when premises benefit from a supply of water, until notice is given by the customer that the supply should be disconnected.

Measured household supply – premises with a measured water supply are charged until either:

- The customer leaves the premises having given an up to date meter reading; or
- The customer requests that the supply is disconnected.

Charges are applied to each and every connected supply point where a service is received, except where the water supply to the premises is permanently disconnected or the premises is vacant.

This includes premises where renovation, redecoration or building work is being undertaken.

Exceptions to this, where water (and sewerage) charges are not payable, include:

- Where the occupier is a sole occupier in a care home for three months or more;
- Where the occupier is a sole occupier in long-term hospitalisation for three months or more;
- Where the occupier is a sole occupier in prison for three months or more; or
- In the event of the death of a sole occupier.

Charges payable in part

The following charges are only payable in certain circumstances:

Metered standing charges
Payable on metered properties without evidence of consumption which remain connected.

Surface water drainage and highway drainage charges
Payable where there is evidence of consumption for metered premises or an unmeasured water supply.

Not chargeable

Properties which are identified as vacant are not chargeable for water (and sewerage) and therefore no bill is raised and no revenue recognised in respect of these properties.

Definition and treatment of properties

Occupied properties

The occupier is any person in actual occupation of premises, or any person who:

- Owns the premises; or
- Has sufficient control over premises to put them under a duty of care towards lawful visitors; or
- Maintains premises for occupation (including multiple occupation) with shared facilities or as holiday or household accommodation for short term occupation (whether let wholly or in part), usually less than 12 months.

No bills are raised in the name of 'the occupier'.

The property management process is followed to identify whether the property is occupied or not and, if occupied, to identify the chargeable person and raise a bill.

The property management process may comprise some or all of the following:

- Physical inspection;
- Mailings;
- Customer contacts;
- Searches using third-party electronic data;
- Meter readings for metered properties; and
- Land registry checks.

When a new customer is identified, they may be required to provide documentary evidence to establish the date that they became responsible for water (and sewerage) charges at the property. This is normally the date at which they moved into the property. The new customer will be charged from the date at which they became responsible for water (and sewerage) charges of the premises.

For non-household customers, the Wholesale Settlement team use Central Market Operating System (CMOS) meter read data to identify vacant Supply Point Identifications (SPIDs) with consumption. Where consumption exists, we will engage with the relevant retailer, and follow the market process to ensure the SPID is recorded correctly as either vacant, or occupied in the market.

Unoccupied properties

A property is deemed to be unoccupied when the company has completed the property management process and not identified the property as occupied. To be classified as unoccupied, a property must meet at least one of the following criteria:

- A new property has been connected but is empty and there is no consumption on the meter;
- The company has been informed that the customer has left the property; and not expected to be reoccupied immediately;
- It has been disconnected following a customer request;
- The property management process has not identified an occupier; or
- The company has been informed that for three months or more, the customer is in a care home, in long-term hospitalisation, or in prison.

If the property management process confirms that the property is unoccupied, the property will be declared void and the supply may be turned off.

New properties

All new properties are metered. Until the new occupier has been identified, the property is treated as unoccupied and is not billed.

Revenue recognition policy

Measured income accrual

The household measured income accrual is an estimation of the amount of mains water and sewerage charges unbilled at the year end. The accrual is estimated using a defined methodology based on weighted average water consumption by tariff which is calculated based on historical information. The measured income accrual is recognised within turnover.

An estimation of the non-household mains water and sewerage charges unbilled at the year end is calculated and a measured income accrual recognised within turnover. The accrual is estimated using a defined methodology based on historical water consumption of individual customers or based on meter size where individual consumption is not available for use.

There has been no change to the methodology in calculating the measured income accrual since the prior year.

Bad debt policy

Household

Bad debt is written off when all economically viable efforts to recover outstanding amounts have been fully exhausted or, alternatively, when the write-off of such amounts forms part of customer rehabilitation processes (subject to acceptance criteria and customer 'matching' payments). The company's bad debt write-off policy has remained unchanged and has been consistently applied in the current year compared with the previous year.

At each reporting date, the company evaluates the estimated recoverability of trade receivables and records an allowance for expected credit losses ('ECL') based on experience. Estimates associated with these allowances are based on, among other things, a consideration of how actual collection history might inform expected future recovery. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

In determining the allowance for expected credit losses in respect of household customers we have applied provisioning rates that are derived from historic experience of the recoverability of receivables, to the aged debt bandings to calculate the bad debt charge and the resultant expected credit loss allowance. The adequacy of the ECL allowance is then evaluated using analysis against the average collection over the last three years, which is considered to give a reasonable forecast of cash collection for use in the forward-looking ECL assessment.

We have also considered the high level of uncertainty as to how economic conditions may impact the recoverability of household receivables for a significant proportion of the group's customer base. A range of scenarios have been used to inform a probability-based assessment of the allowance for expected credit losses. These take account of cash collection rates in the current year as well as recent years, incorporating the current economic uncertainty to provide a range of views as to how recoverability of household receivables may be impacted. This assessment resulted in the release of a management overlay which had previously been recognised in light of the economic uncertainty arising initially from the onset of the COVID-19 pandemic. This overlay was subsequently maintained to address the collection risk arising from recent cost of living pressures and the adverse impact on customer affordability. A review of cash collection performance in the current year has led to an increase in the modelled provisioning rates used in the year as this data is incorporated within the model, and we expect to use these revised rates going forward. The impact of cost of living pressures on the recoverability of household receivables, and the adequacy of our ECL allowance, will continue to be kept under review.

The revised provisioning rates, coupled with the release of the management overlay previously applied, supports a charge equivalent to around 3.8 per cent of household revenue recorded during the period, which is higher than the 3.3 per cent charge recorded at 31 March 2023.

At 31 March 2024 a charge of 3.8 per cent is considered to be appropriate given prevailing levels of uncertainty and recognising the level of estimation uncertainty associated with the assumptions made in forecasting the year end debt position upon which the allowance for expected credit losses is based.

The bad debt provision has increased by £12.4 million from 31 March 2023 to 31 March 2024 and the net household trade debtor balance has increased by £12.5 million from the level reported in the previous year. The increase in bad debt provision and net household trade debtor is a result of higher gross receivables which can be attributed to a number of factors. We have written off reduced amounts of debt as we have increased the level of recovery of aged debt through the use of debt collection agencies. During the year we have also continued to bill a number of properties that were previously identified as void. Collection from these customers has proven more challenging than from customers who proactively inform us that they have moved into a property. The increased collection risk associated with these customers has been considered in our assessment of future cash collection and sufficiency of our bad debt provision.

Non-household

In light of the ongoing increase to the cost of living, we have performed an assessment of lifetime expected credit losses across the non-household retailer customer base that considers an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions as required by IFRS 9.

Taking all of this into account, the total expected credit loss associated with non-household retailers was £2.6 million. This is considered to be adequate to mitigate the future collection risk associated with the increase in cost of living.

Dividend policy

We have an established dividend policy with robust and well-evidenced principles, which complies with the updated licence condition P30 requirements.

UUW's dividend policy for the 2020–25 (AMP7) regulatory period has been set as follows:

i. a 4% (nominal) return on the actual equity portion of the shadow RCV, paid in relation to the appointed activities of UUW;
ii. a further dividend comprising the profit after tax in relation to the non-appointed activities of UUW; and
iii. an amount no greater than demonstrable outperformance versus the final determination.

All dividend payments are reviewed annually by UUW Board (the "Board"). A decision to declare or pay a dividend is subject to a number of key principles committed to by the Board in our business plan submissions for the PR19 price review, and obligations under its licence. This approach seeks to ensure a considered, fair and balanced approach to dividend payments, and takes into account the full range of stakeholder interests and the environment.

Dividends paid during 2023/24

For 2023/24, the Board has authorised the payment of dividends of £189.0m from UUW to its parent comprising:

i. £192.7m reflecting a 4% return on the actual equity portion of the shadow RCV;
ii. £1.9m reflecting the profit after tax in relation to the non-appointed activities of UUW; and
iii. £(5.6)m reflecting a true-up from 2022/23 as actual base returns in relation to that year were slightly lower than originally forecast at the time of authorising previous dividend payments.

Base dividend approach

The base dividend policy of 4% of the equity portion of the shadow RCV is broadly aligned to the allowed cost of equity. This is consistent with the expectations set out in Ofwat's Final Determination for 2020-25, when applied to companies that are performing in line with the determination in 2020-25, with little real RCV growth, and no particular financial resilience concerns.

The Board has reviewed the company's position in view of these assumptions, having fully considered both statutory obligations and the licence conditions, and has concluded that the approach to the base dividend remains reasonable within the context of the company's operational performance and financial position, as set out below.

Performance in the round

The Board considers that the company's overall performance is at least in line with the final determination. This includes delivery against commitments embedded within our business plan and set out in the final determination for AMP7, and wider obligations from different stakeholder perspectives. Areas of underperformance have also been considered in the context of our overall performance, recognising that the company has taken action to deliver improvements and additional investment, to ensure delivery for customers and the environment. Evidence supporting this view includes:

- UUW met or beat targets for 79 per cent of its performance commitments in 2023/24, and 80 per cent on average across the AMP. Details of this performance are set out in section 1.1 of the APR.
- In each of the first four years of AMP7, UUW has earned net positive financial incentives reflecting delivery of its package of performance commitments and customer ODIs. £33.2m reward in 2023/24 and a cumulative total net reward of £98.5m. More details on how this performance has been calculated and the steps the company has taken to deliver this performance are provided in the APR Section 1.1 – Outcome Delivery.
- The company is continuing to deliver improvements and additional investment in areas where performance is not achieving the Ofwat FD targets, including flooding and pollution incidents, water quality performance and interruptions to water supply. A particular focus is investment in our Dynamic Network Management to target incidents before they impact on customers. We also have a targeted customer focused programme to improve customer awareness about what not to flush, which should help to reduce flooding and pollution incidents, although weather is a significant factor. We are continuing to embed our water quality first approach across the company, together with additional investment across our network including cleaning and relining the Vyrnwy aqueduct, delivering benefits in water quality and the taste, smell and appearance of water. More details on this activity is included in the APR Section 1.1 – Outcome Delivery. The Board does not consider that the dividend payment comprises our ability to invest in line with our commitments in these areas and deliver the forecast improvements.
- The company has achieved 6th position out of 17 companies in Ofwat's customer satisfaction measure C-MeX in 2023/24. The company also achieved 6th position in the D-MeX survey for developer customers in 2023/24; a considerable improvement compared to 8th position in 2022/23. These results mean that we expect to be earning a net financial reward across the AMP as a whole, reflecting our good performance.
- Table 1F of the APR shows that return on regulated equity – a key measure of performance versus the final determination - is 8.35% in 2023/24 compared to a base level of 4.00% in the final determination, with a 4-year average return of 7.87%. These returns have been suppressed by totex performance of -1.11% in part due to reinvestment to drive long-term sustainable performance improvements and environment benefits.
- The company has achieved 4-star or 3-star ('industry leading' or 'good') ratings in the EA's Environmental Performance Assessment every year since its inception, being 4-star in five of the last eight years and on track to be 4-star again for 2023. The industry continues to receive considerable public scrutiny, particularly around its role in protecting rivers and the use of storm overflows. We are committed to ensuring continued compliance with the relevant regulatory and environmental obligations in operating our storm overflows. We are on track to reduce spills by a third (from the 2020 baseline) under normal weather conditions, making significant strides in priority locations using agile solutions, and dedicated £3.1 billion in our PR24 business plan to deliver the significant reduction in spills from storm overflows required by the Environment Act 2021, targeting a 60 per cent reduction (from a 2020 baseline) by 2030. Early investment we are making as part as Defra's Accelerated Infrastructure Delivery project, alongside our ongoing AMP7 Better Rivers programme, is already driving our improvement plan. The exceptionally high rainfall in the current year did lead to an increase in spills compared to last year, but reported spills were still 24 per cent lower per overflow than our 2020 baseline. The Board does not consider that the dividend payment compromises our ability to continue with the investment we have committed to in AMP7 and that we have put forward in our PR24 business plan, in order to achieve that 60% reduction (from a 2020 baseline) in spills by 2030.

Dividend policy

- In June 2023, we experienced a fractured outlet pipe buried 9.5 metres below ground at our Fleetwood Wastewater Treatment Works, which resulted in precautionary advice being issued by the EA in relation to the bathing waters along the Fylde Coast. The company made significant effort and commitment to recover services to the area, communicate clearly with those affected, and minimise the impact of the incident. The immediate solution was the construction of a two-kilometre five-lane bypass around the damaged pipe in two weeks, installation of pumping equipment, and considerable volumes transported to other treatment works in the Fylde area to minimise the environmental impact and enable the continued operation of the wastewater treatment works. We invested £37.6m to successfully repair the pipe and return the site to full service. We continue to co-operate with the EA's investigation into this matter.
- The EA undertook an inspection in 2019 which highlighted an issue of over abstraction from the boreholes group at Franklaw and Broughton. This is a complex licence with daily, annual and three-year average conditions. We did not exceed the amount of water we could abstract on a daily and yearly basis, but we did inadvertently breach a three-year rolling limit, due to the unusual nature and uniqueness of the licence. We pleaded guilty and took the appropriate action immediately in relation to our internal processes to ensure that this type of oversight does not reoccur. We have remained compliant with the three-year limit since becoming aware of the issue in 2019. We offered the EA environmental undertakings, although rejected, we have voluntarily contributed £3m to local environmental improvement projects. Following prosecution by the EA, and consideration of the remedial action taken, the company received a fine of £800k.

  The Board has taken this matter into account when deciding to approve payment of the base dividend. The breach of the abstraction licence was regrettable, but the company has taken sufficient steps to repair the position and restore confidence. Payment of the base dividend does not jeopardise these actions and the company remains resilient and is performing in the round, and over time, at least in line with its determination. The Board noted that the company has made a considerable voluntary contribution to local environmental improvement projects which is both in addition to and several times larger than the fine applied by the court. In addition, improvement plans have been put in place that should ensure that such an error would not be repeated. Taken together, the Board considers that these actions provide satisfactory mitigation opposite the specific breach of the three-year abstraction licence limit. The Board also notes that the associated financial costs will have acted to reduce the company's profitability and so will negatively impact ongoing assessments of outperformance for the AMP. This will serve to reduce the amounts available for the company to distribute as any future outperformance dividend, reflecting the costs incurred remedying this matter.

There is considerable further detail in Section 1.0 - Year Four Performance on pages 33 to 90 of this report about the company's performance and how this compares to the performance commitments and other targets we are targeting in the current regulatory period. Overall, the Board considers that the company's "in the round" performance is at least in line with the final determination and that this is being sustained over time.

RCV growth

Little real terms RCV growth of 0.2% on average over the first four years of the AMP, supporting the base dividend yield of 4%, as shown in the table below.

Real RCV Growth (2017/18 prices)	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Forecast
Opening RCV	11,188	11,145	11,124	11,165
Closing shadow RCV	11,145	11,124	11,165	11,268
RCV growth	-0.4%	-0.2%	0.4%	0.9%

Investment needs and financial resilience

It is important that we are able to provide listed equity investors with a reasonable and sufficient dividend, in order to maintain the health of the equity base and in order to support the funding of substantial new investment. This equity base underpins our robust financial resilience and our ongoing ability to raise new debt and equity to fund our investment programme and do this at efficient cost.

Long term financial resilience is supported by:

- A long-term viability assessment has been carried out for UUW. This assumed dividend distributions in line with the policy (including the distribution of non-appointed profit) and concluded that UUW had significant headroom and effective mitigating actions available to withstand any risks facing the business in severe but plausible downside scenarios at March 2024. Further details on the long-term viability assessment can be found on pages 151 to 152.
- UUW has a robust set of investment grade credit ratings with current credit ratings of A-, A3 and BBB+ with Fitch, Moody's and Standard and Poor's, respectively, demonstrating significant headroom.
- Following payment of the 2023/24 dividends, reported gearing is forecast to remain below the 70% threshold for high gearing.

The level of growth in the asset base and measures of long-term financial resilience are therefore consistent with the base dividend assumptions.

Other additional considerations in determining dividend payments

UUW's dividend policy is also subject to a number of additional considerations which were committed to by the UUW Board in our business plan submissions for the PR19 price review. These principles apply to all dividend payments (including the distribution of profit relating to non-appointed activities) and act to ensure that dividend payments are made subject to consideration of a broad range of stakeholders who have interests in the performance of the company. This approach seeks to ensure that payment of the dividend takes into account consideration of business performance, performance for customers and performance for employees.

Dividend policy

We have provided a summary of the key principles and how they have been applied to all dividend payments in respect of 2023/24:

UUW Dividend considerations	2023/24 commentary
Financial assistance schemes: We committed that over AMP7 the company would fund £71m dedicated to supporting customers in need of financial support and that dividend payments would not be made if they meant such funding would be put at risk.	The Board considers this condition will be satisfied. In 2023/24, UUW funded a further £15.9m in financial assistance schemes, totalling £58.6m to date, in line with achieving the £71m commitment by the end of AMP7.
Gearing safeguards: In the event that the company adopted a high level of gearing, we committed to sharing the financial benefits of this with customers, before consideration of any dividend payment. The sharing of financial benefits would commence once gearing exceeded 70%. We committed that if gearing exceeded 70% then the level of base dividend might be restricted in order to help lower gearing and that, if a base dividend were paid, then the Board would explain its plan to restore gearing below the 70% threshold. We also said that if gearing fell below 60% then the base dividend distribution may be increased in order to efficiently manage the gearing position.	The Board expects this condition will be satisfied. Following payment of the 2023/24 dividends, reported gearing is forecast to be below the 70% threshold for high gearing and no additional action is required.
Sharing of outperformance: We have committed that, where the distribution of outperformance through dividends exceeds 3% of the equity portion of the RCV, amounts in excess of this threshold would be matched with a benefit sharing payment to customers through our 'Community Share' scheme. This could then facilitate bill reductions, additional targeted financial assistance and other initiatives to support the resilience of communities in the North West, depending on customer preferences. This is additional to any reinvestment of outperformance or other benefit sharing that might be undertaken during AMP7 through normal regulatory mechanisms or on the same voluntary basis as was taken by the company in AMP5 and AMP6. It provides an upfront guarantee that, when dividend distributions reflecting outperformance are much higher than anticipated in the business plan, customers and other stakeholders will share in the benefits alongside investors.	The Board expects this condition will be satisfied. No outperformance dividends have been declared or paid in 2023/24. In 2022/23, outperformance dividend distribution of £250m represented 1.6% of the average equity portion of the RCV based on a 60% notionally geared company, which was below the 3% threshold. Cumulative outperformance available for distribution was considered after the substantial reinvestment of outperformance for future customer service and resilience benefits the company has already committed to undertake. For example, we have voluntarily committed to reinvest £500m in the current AMP. £250m to help us improve environmental outcomes, making an early start on implementation of the Government's new Environment Act including delivery of the pledges we set out in our Better Rivers plan. The remaining £250m is to accelerate improvements in service for customers and drive ODI performance. The financial flows assessment clearly demonstrates outperformance in excess of dividends paid. We have prudently not distributed outperformance in 2023/24 to provide greater resilience to any unforeseen or exceptional circumstances.
Impact of financial resilience of UUW: Before payment of any dividend, the Board committed to considering whether the dividend payments would cause significant harm to the company's financial resilience and the potential impact such distributions may have on customers and employees. This included consideration of the company's pension deficit – were it to have one – which would, for these purposes, be considered as debt.	The Board considers this condition will be satisfied. A long-term viability assessment has been carried out for UUW. This assumed dividend distributions in line with the policy and concluded that UUW had significant headroom and effective mitigating actions available to withstand any risks facing the business in severe but plausible scenarios at March 2024. UUW had a reported pension surplus of £195m at March 2024.
Delivery of statutory obligations: The Board has committed that it would not pay outperformance dividends in circumstances where the company was known to be in material breach of statutory obligations.	The Board considers this condition will be satisfied.
Delivery of performance targets: The Board has committed that it would not pay outperformance dividends in excess of the equivalent of 3% of the equity portion of RCV where the company was materially failing to meet its performance targets, unless the dividend was accompanied by investment aimed at improving that position.	The Board expects this condition will be satisfied. No outperformance dividends have been declared or paid in 2023/24.
Exceptional and unforeseen circumstances In truly exceptional and unforeseen circumstances, the Board has stated that it may have to deviate from these principles – for example to meet changing statutory requirements or during unexpected and exceptional events. The Board committed that if it were to do so, it would explain its reasoning to customers and other stakeholders so that the company could be judged on the extent to which it sought to meet these commitments and the reasons why a deviation was justified.	There have been no exceptional or unforeseen circumstances that would trigger a deviation from these principles.

Dividend policy

UUW Dividend considerations	2023/24 commentary
Transparency	
We also committed to providing increased transparency through our APR about the dividends paid and how these relate to our dividend policy. This is in addition to the existing statutory and regulatory requirements that we already disclose.	We have explained how dividend payments have been determined and how these relate to our performance, providing stakeholders with transparency about our dividend policy and the broader considerations taken into account by the Board in making its determination.
We committed to provide an explanation of how the allowed equity return relates to that achieved under the actual company structure and how the dividend policy relates to the actual equity returns during the AMP.	The Financial Flows table 1F in the APR demonstrates that the total shareholder return is greater than the dividends paid for the AMP to 2023/24 on both a notional company basis and an actual company basis.
We also committed to provide transparency of how payments from the Community Share have contributed towards the resilience of communities in the North West.	To date, no payments have been triggered into the Community Share scheme proposed in our business plan, although a number of other voluntary initiatives during AMP7 have contributed towards the resilience of communities in the North West. This was discussed in more detail in the Communities section of the Operational Performance section of our 2024 Annual Report (pages 68-89).

Calculation of base dividend as 4% of the equity portion of shadow RCV

Taking all the above into account, it is the Board's view that the conditions have been met and authorised a base dividend of £192.7m in respect of 2023/24, reflecting 4% of the forecast equity portion of shadow RCV, of £4,817.5m for that year.

A base dividend of £188.0m had been calculated in respect of 2022/23 reflecting 4% of the equity portion of shadow RCV, of £4,698.3m for that year. This compares to the payment of £193.6m made in the prior year based on the forecast equity portion of shadow RCV and therefore a true up of £5.6m was made during 2023/24.

The calculation of the equity portion of shadow RCV is set out in the table below:

UUW Dividends (£m)	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Forecast
Reported RCV	11,681.3	12,335.8	13,414.1	13,988.6
Customer share of totex overspend	49.8	99.2	165.5	170.5
Green recovery and WINEP	–	0.5	4.5	27.2
AMP8 accelerated programme and transitional expenditure	–	–	–	53.4
Shadow RCV	11,731.1	12,435.5	13,584.1	14,239.7
Net debt	7,628.3	7,987.5	8,885.9	9,422.2
Equity portion of shadow RCV	**4,102.8**	**4,448.0**	**4,698.3**	**4,817.5**
4% base dividend	**164.1**	**177.9**	**188.0**	**192.7**

Note that the payment of the 2023/24 base dividend was based on a forecast shadow RCV and net debt at the time of the payment. As disclosed in our AMP7 dividend policy, there will be a true-up in the following year for differences arising between the forecast and actual components used to determine the value of dividend paid.

The shadow RCV used in this calculation reflects accelerated or deferred spend in any given year in line with the PR19 cost reconciliation model and consistent with net debt which takes account of the timing of totex, plus AMP8 accelerated infrastructure delivery programme expenditure and AMP8 transitional investment.

The distributable reserves position (excluding the retirement benefit surplus) as at 31 March 2023 was £934.8m, significantly greater than the dividends paid.

Profit after tax from non-appointed activities

Dividend payments also reflected profit after tax from non-appointed activities of £1.9m in respect of 2023/24 as shown in Table 1A of the APR. These profits result from commercial activities that are identified as being outside the definition of the appointed water and wastewater service.

All dividend payments, including the distribution of non-appointed profit, are subject to the key principles committed to by the Board (as described above). The financial resilience assessment assumed distribution of non-appointed profit and concluded that the appointee as a whole has significant headroom and effective mitigating actions available to withstand any risks facing the business in severe but plausible downside scenarios at March 2024.

Linking the policy to APR table 1F financial flows

Our capital structure and dividend policy maps across to the financial flows APR table 1F, presenting our returns earned and how much of this was either distributed as dividends or retained in the company.

Table 1F shows that for the four years to March 2024, we earned a nominal total shareholder return of 14.76% p.a. on average, based on actual returns and actual regulatory equity. This comprised a real base equity return of 3.96%, financing outperformance of 6.30% and RCV growth (inflation uplift) of 5.80%, partly offset by operational underperformance of 1.30% (largely driven by totex reinvestment). Of the 14.76% nominal return earned, we have paid 5.57% (38%) as dividends and retained 9.19% (62%) to support the ongoing business and maintain overall financial resilience in line with our credit rating and gearing policy.

Dividend policy

The table below summarises our reported cumulative performance for the first four years of AMP7.

RORE performance (2017/18 prices)	2020/21	2021/22	2022/23	2023/24	Cumulative 4 years
Base returns	175.0	175.4	176.7	177.5	704.6
Financing	51.9	74.4	210.3	189.8	526.3
Tax	(20.1)	120.6	113.8	113.2	327.5
Totex	(8.5)	(35.8)	(30.1)	(122.9)	(197.3)
ODIs (incl. C-Mex, D-Mex & PCC)	14.3	21.6	21.5	31.3	88.7
Retail	(13.6)	(10.8)	(9.7)	(19.3)	(53.4)
Other	1.3	1.5	1.9	0.9	5.6
Outperformance earned	25.3	171.6	307.6	192.9	697.4
Total returns	200.3	347.0	484.4	370.4	1,402.0
Dividends paid	0.0*	(307.5)	(382.7)	(150.2)	(840.4)
Returns retained	**200.3**	**39.5**	**101.7**	**220.2**	**561.7**

* In 2020/21, the Board made the responsible decision to defer paying dividends to reinforce our financial resilience during the onset of the COVID-19 pandemic, recognising the heightened uncertainty at that time. The 2020/21 base dividend was subsequently paid in 2021/22.

The financial flows assessment clearly demonstrates outperformance in excess of dividends paid. We have prudently not distributed outperformance in 2023/24, retaining returns of £562m (in 2017/18 prices), approximately 81% of the outperformance earned to date, to provide greater resilience to any unforeseen or exceptional circumstances.

The majority of outperformance has been earned as follows:

- £526m financing outperformance – we have maintained strong credit ratings enabling us to raise debt at a rate lower than the industry average. While the high inflationary environment has resulted in higher than-anticipated financing outperformance, it has had an adverse effect on our totex performance due to rising costs and we have responsibly shared the benefits of financing outperformance, for example, through £500m of voluntary investment for the benefit of customers and the environment.
- £328m tax outperformance – predominately in relation to optimising the available research and development allowances on our innovation-related expenditure, higher capital allowances due to full expensing introduced and driven by our voluntary reinvestment beyond the scope of our FD. Together with, movements in taxable profits versus the FD largely due to the inflationary impact on operating costs and non-cash interest payment due on index-linked debt, partially offset by an increase in corporation tax rate from 17% assumed in the FD.
- £89m net ODI rewards – mainly due to strong performance for customers and the environment including flood risk resilience, water services resilience and the majority of the household retail ODI measures.

We have, however, seen some areas of underperformance as follows:

- £197m totex underperformance - we have voluntarily committed to reinvest to drive long-term sustainable performance improvements and environment benefits. This further investment has therefore resulted in totex underperformance.
- £53m retail cost to serve – we have seen some significant cost pressure in retail, in particular during the COVID-19 pandemic and the ongoing increase in cost of living. In addition, inflation has exceeded the rate of inflation forecast at PR19, placing an inherent efficiency challenge on the retail price control as the cost allowances do not increase with inflation.

These areas of underperformance have been taken into account in the context of our overall performance, recognising that the company has taken action to deliver improvements and additional investment, to ensure delivery for customers and the environment.

Additional unaudited regulatory information

Differences between statutory and RAG definitions

Revenue recognition

The following differences exist between the revenue recognition policies in the statutory accounts and in the regulatory accounts:

- IFRS 15 has been applied to the statutory accounts and requires revenue to be recognised only when it is probable that economic benefits associated with the transactions will flow to the company. The regulatory accounts, however, require revenue to be recognised in full unless properties have been confirmed as being void; and
- Income received from sales which are external to the appointed business, including energy generation, exported energy and renewable obligation certificates (ROC) had previously been treated as revenue in the statutory accounts. However, in 2023/24, this income is now presented in the statutory accounts in other income, within operating expenditure. As such, the reclassification from revenue to negative operating costs is no longer required in the regulatory accounts for 2023/24.

Capitalisation of borrowing costs

For statutory reporting, interest costs under IAS23 are capitalised and subsequently depreciated, whereas interest is charged immediately as an expense in the regulatory accounts.

Grants and contributions

All grants and contributions (G&Cs) recognised in the income statement under IFRS have been reclassified as other income in the regulatory accounts. More specifically, this comprises the following two main reclassifications:

- Diversion income from revenue to other income; and
- The amortisation of capitalised grants and contributions from revenue and operating costs to other income.

Adopted Assets

Under IFRS 15, we recognise adopted assets from customers or developers on the balance sheet and amortise the income over the life of the asset through revenue. The amortisation of this income has been reclassified from revenue to other income in the regulatory accounts.

Direct procurement for customers

In accordance with RAG 1.09, lease accounting under IFRS 16, associated with assets procured through a direct procurement for customer process, are to be excluded from the regulatory accounts. For 2023/24 no assets were leased to United Utilities by a competitively appointed provider (CAP).

As part of the Haweswater Aqueduct Resilience Programme (DPC project), UUW made advance purchases of land of £2.5m and other assets (e.g. power connections) of £8.0m supporting this project in 2023/24, totalling £16.3m across the AMP. UUW will be reimbursed for these items by the CAP (once appointed) and this will ultimately be funded by customers through the unitary charge mechanism. As such, in order to ensure this spend is not inadvertently also captured within appointee totex, which feeds the cost sharing mechanism, it was agreed with Ofwat that this spend would be classified as non-appointed within the regulatory accounts. This has been reported as non-appointed in tables 1C and 1D.

Innovation fund costs reporting

For statutory reporting, costs are accrued on receipt of revenue from customers or income from other water companies in relation to the innovation competition fund. This is to provide for costs that will be incurred on future projects for which we are successful bidders, or for which we will be required to transfer funds to other successful companies.

In accordance with the information notice 'IN 22/01 Expectations for monopoly company annual performance reporting 2021-22', we are required to reverse this provision in the regulatory accounts. Only costs incurred on actual innovation projects should be reported in totex within tables 4D and 4E, therefore, there is a reclassification of intra-company payment and receipts (facilitated by MOSL) and the administration charge from operating costs to other income. This ensures that the intra-company payments remain within the income statement and offset with the revenue collected from customers.

The differences within the income statement (Table 1A) and the statement of financial position (Table 1C) have been summarised on page 143.

Additional table narrative

Table 1A – Income statement

Differences between statutory & RAG definitions 2023/24	Revenue Recognition £m	Innovation Fund[1] £m	G&C's Diversion Income £m	Amortisation of G&C's £m	Adopted Assets £m	Capitalisation of borrowing costs £m	Reclass from opex to other income[2] £m	Reclass of pension interest to other interest expense £m	Other £m	Total £m
Revenue	30.694		(11.462)	(5.870)	(11.567)				(0.083)	**1.711**
Operating costs	(31.814)	6.536		0.009		11.182	(4.183)		6.744	**(11.528)**
Other operating income									(6.744)	**(6.744)**
Operating profit	**(1.120)**	**6.536**	**(11.462)**	**(5.861)**	**(11.567)**	**11.182**	**(4.183)**	**0.000**	**(0.083)**	**(16.560)**
Other income		10.505	11.462	5.861	11.567		4.183		0.083	**43.662**
Interest income								(20.500)		**(20.500)**
Interest expense						(80.994)				**(80.994)**
Other interest expense								20.500		**20.500**
Profit before tax (Table 1A line 11)	**(1.120)**	**17.040**	**0.000**	**0.000**	**0.000**	**(69.813)**	**0.000**	**0.000**	**0.000**	**(53.893)**

(1) Reversal of the 2023/24 provision in the statutory accounts (£6.5m). The net of intra-company transfers and the administration charge has been reclassified from operating costs to other income (£10.5m).

(2) Other income in the statutory accounts is included within operating costs, this is disclosed separately in the regulatory accounts.

Table 1C – Statement of financial position

Differences between statutory & RAG definitions 2023/24	Revenue Recognition £m	Innovation Fund[3] £m	Capitalisation of borrowing costs £m	Deferred tax adjustment £m	Other £m	Total £m
Total non-current assets			(469.636)		(0.708)	**(470.344)**
Total current assets	38.486				0.204	**38.690**
Total current liabilities		8.411				**8.411**
Total non-current liabilities		28.629		69.811		**98.440**
Net Assets (Table 1C line 31)	**38.486**	**37.040**	**(469.636)**	**69.811**	**(0.504)**	**(324.803)**

(3) Reversal of the innovation fund provision.

Additional Table Narrative

Table 1A – Income Statement

Analysis of Interest Expense

The interest expense (line 1A.7) and other interest expense (line 1A.8) incurred by the appointed business is broken down into the following components:

Interest component 2023/24 £m	1A.7 £m	1A.8 £m
Interest charged on external borrowings	(454.235)	–
Interest payable on intra-group borrowings	(24.375)	–
Amortisation of debt premiums and discounts	(0.204)	–
Interest payable on leases under IFRS 16	(1.409)	–
Interest on net pension scheme assets	–	20.500
Other financing costs	(4.365)	–
Interest and other interest expense	(484.588)	20.500

Table 1C – Statement of financial position

Consistent with 2022/23 reporting, we have continued to report capex creditors (line 14) within current liabilities in Table 1C as zero, and have included a capital accruals liability within trade and other payables (line 13) of £94.807m. This capital accrual represents work-in-progress not yet invoiced for 2023/24. We believe this classification is better aligned to the line definitions in RAG 4.12.

For 2023/24, UUW reports a statutory current tax asset of £109.6m. We have included the current tax asset in Table 1C line 9 (trade and other receivables), as there is no equivalent current tax asset line within current assets in this table. We believe this to be aligned to the line definitions in RAG 4.12.

Included within the non-appointed column of Table 1C is a double entry for £16.273m between trade and other payables (line 1C.13) and £7.134m fixed assets in relation to advance purchases of land (line 1C.1) and £9.139m inventories related to assets held for sale e.g. power connections (line 1C.8) for the Haweswater Aqueduct Resilience Programme DPC project.

Additional table narrative

Table 1E – Net debt analysis

All figures in the table have been calculated by reference to 'RAG 4.12 - Guideline for the table definitions in the annual performance report'.

Net debt excludes fair value accounting adjustments which do not impact on the principal sum outstanding on the debt. The interest rate risk profile does not take account of the impact on interest of derivative instruments.

Adjusted gearing represents the consolidated net debt of United Utilities Water as a proportion of the company's RCV (per the final determination, in outturn prices), calculated based on the methodology published by Moody's Investor Services. This is the gearing measure most commonly used by management and is a key ratio used by Moody's Investor Services in determining the credit rating of the company.

Indicative weighted average interest rates are based on the effective interest rates as at the balance sheet date, which includes the impact of derivative instruments but excludes those with a forward start date, weighted by the notional principal amount.

Due to the nature of the company's interest rate hedging policy, it has some forward starting interest rate swaps which are not included in the indicative weighted average interest rates as they are not effective at the balance sheet date. As a result, the indicative weighted average interest rates are only representative of our economic cost of borrowing as at the balance sheet date and are not representative of our economic cost of borrowing over the duration of the fixed interest rate hedge.

The indicative weighted average nominal/cash interest rates (lines 1E.11/1E.12) for floating interest rate debt are unrepresentative of the cost of these borrowings. We hedge most of our floating interest rate exposure through 'floating to fixed' interest rate swaps which results in a degree of net floating interest rate exposure. As a consequence, the interest costs end up as an interest expense once we strip out the fixed margin on the debt, due to the basis and timing differences on the floating rate legs of the debt and derivative contracts. The calculated rate was 5.19% as at 31 March 2024 based on a £107.8m net interest payable on £2,076m, of net floating rate debt (after the impact of swaps).

Weighted average years to maturity takes account of all applicable contractual commitments, which includes derivative instruments with a forward start date, weighted by notional amount and duration.

The calculation of the weighted average years to maturity on floating rate borrowings provides an unrepresentative figure and, as such, has not been disclosed in the tables. Typically, we raise debt in fixed rate form, swap it to floating rate for the duration of the debt instrument and then swap it back to fixed rate on a ten-year reducing balance basis. This hedged position makes it difficult to calculate the weighted average duration in a meaningful way.

Annual RPI increase of 4.3 per cent at March 2024 has been applied.

Annual CPI increase of 3.2 per cent at March 2024 has been applied.

Following the adoption of IFRS 16, lease liabilities of £57.2m have been included within fixed rate borrowings. The inclusion of lease liabilities into borrowings has resulted in an increased average time to maturity as a large proportion of the group's leases are very long dated (many high value leases, typically related to land e.g. easements, have at least 150 years' term). If leases had not been included, the weighted average would have been 8.9 years.

Borrowings Reconciliation

The below table shows the reconciliation from borrowings within Table 1C to borrowings in Table 1E.

	2023/24 £m	Notes
Borrowings – current	(815.308)	(4) Table 1C Line 15
Borrowings – non-current	(9,616.074)	(5) Table 1C Line 22
Borrowings (Table 1C)	(10,431.382)	(6) IFRS measurement basis
Remove fair value movements	(167.758)	
Remove bond discount	(17.212)	
Remove interest accrued on FVO debt	2.781	
Borrowings (Table 1E)	(10,613.571)	(7) Table 1E Line 1 notional value basis

Analysis of Debt

The table below shows the reconciliation between Table 1E 'Net debt analysis' and 4B 'Analysis of debt'.

	Total borrowings £m	Indicative weighted average nominal interest %	Nominal interest cost £m	Indicative weighted average cash interest %
Table 1E	**10,613.571**	**4.609%**	**489.201**	**2.807%**
Book overdrafts	(19.831)	0.009%	–	0.006%
Committed Facilities	–	0.295%	31.223	0.295%
Table 4B	10,593.740	4.913%	520.424	3.107%

Table 1E includes book overdrafts within borrowings - these form part of cash and cash equivalents figure and do not impact our cost of debt, as they represent the value of cheques issued and payments initiated that had not cleared as at the reporting date.

Table 4B includes the cost revolving credit facilities. Table 1E does not disclose these facilities as they are not drawn down at year end and have nil impact on the total borrowings at March 2024. Disclosing these facilities in table 4B increases the weighted average nominal and cash interest rates by 0.295%.

Table 1F – Financial flows and Return on Regulatory Equity (RoRE)

Introduction

Table 1F presents financial flows for 2023/24 and the cumulative average over the 2020–25 period. The figures are presented both as a percentage of notional regulatory equity and as a percentage of actual regulatory equity. The table also shows the £ million equivalents and these values are all presented in 2017/18 prices.

The following narrative focuses on the actual return percentage on the actual regulatory equity - being most aligned to actual shareholder returns. There will be differences as actual equity is different from Ofwat's assumed regulatory equity of 40% (or assumed gearing of 60%). Since UUW's actual average gearing across the four years (65.91%) and for 2023/24 (66.61%) are both higher than Ofwat's assumed notional gearing (60.0%), the actual return percentage on each sub-measure will be slightly higher than the notional return.

Additional table narrative

Line 2 – Return on regulatory equity
2023/24 Actual equity: 4.00%; Cumulative Actual equity: 3.96%
The base case return on regulatory equity assumed in the PR19 (Price Review) final determination (FD) was 4.00%. In accordance with Ofwat line definitions, on a notional equity basis, this base return is split over line 2 (3.22%) and line 3 (0.78%).

Line 3 – Impact of movement from notional gearing
2023/24 Actual equity: +0.36%; Cumulative Actual equity: +0.29%
This line represents the impact on the base case return (i.e. line 2 above) due to a company's actual gearing structure. As mentioned in the introduction above, UUW's average actual gearing of 66.6% is higher than Ofwat's assumed notional gearing of 60.0%. Since Ofwat's allowed cost of debt (2.22% real) is less than the allowed cost of equity (as per line 2), this results in an increase in actual return compared to notional.

The average gearing has been calculated using the opening and closing balances for the reporting period.

Line 4 – Gearing benefits sharing
2023/24 Actual equity: nil; Cumulative Actual equity: nil
Under the gearing outperformance sharing mechanism, this line reduces the return where a company has gearing of more than 71% for 2023/24. Since UUW's actual average gearing for 2023/24 was well below this threshold at 66.6%, there is no impact from this mechanism.

Line 5 – Variance in corporation tax
2023/24 Actual equity: +3.17%; Cumulative Actual equity: +2.18%
This line compares the amount allowed for corporation tax in the PR19 FD to a tax credit calculated as per the table below, in accordance with the line definition:

	2023/24 Actuals £m	2020/21 – 2023/24 Average £m
Corporation tax as per PR19 FD (17/18 prices)	40.6	46.1
Appointed profit before tax and fair value movements (out-turn)	88.3	154.4
Tax payable at standard rate of corporation tax (out-turn) (25%)	22.1	30.7
Plus or minus accelerated or deferred capital allowances except in relation to Green Recovery expenditure (out-turn)	(107.5)	(51.4)
Plus or minus prior year adjustments (out-turn)	(5.1)	(23.7)
Adjusted tax payable (out-turn)	(90.5)	(44.4)
Adjusted tax payable (17/18 prices)	(72.6)	(36.2)
Variance (17/18 prices)	113.2	82.3
% of actual regulatory equity	3.17%	2.18%
% of notional regulatory equity	2.55%	1.85%

Tax outperformance in 2023/24 reflects:

- Deferred capital allowances (excluding green recovery) due to full expensing introduced in 2023, and higher capital allowances driven by substantial reinvestment outside the scope of our FD and accelerated investment brought forward from AMP8.
- Prior year adjustments in relation to optimising the available research and development allowances on our innovation-related expenditure.
- Other variances, driven by movements in taxable profits versus the FD largely due to the inflationary impact on operating costs and non-cash interest payment due on index-linked debt, partially offset by an increase in corporation tax rate from 17% assumed in the FD to 25% in 2023/24.

In accordance with RAG 4.12 guidance, tax performance does not take into account the PR19 tax reconciliation mechanism, and does not adjust for unutilised tax losses carried forward.

A further breakdown of significant variations between the appointed current tax credit reported in line 1A.12 to the tax charge allowed in price limits can be found within the tax strategy on pages 149 to 150.

Line 6 – Group relief
2023/24 Actual equity: nil; Cumulative Actual equity: -0.01%
No group relief was claimed as UUW is in a loss position this year. If UUW had utilised losses surrendered from other group companies it would pay for these at the mainstream rate of corporation tax and there would be no financial benefit.

Line 7 – Cost of debt
2023/24 Actual equity: +5.34%; Cumulative Actual equity: +3.30%
The actual real interest paid used to calculate overall financing outperformance (i.e. sum of lines 7 and 8) has been calculated using UUW's net interest expense plus interest paid/received on swaps. As the table below shows, this is then divided by actual net debt to derive a net interest rate. This rate is then compared to Ofwat's allowed cost of debt (2.22% CPIH real) plus average CPIH in the year, to derive a debt outperformance number (shown as 'c') in the table below. This is then multiplied by UUW's actual gearing position to derive a cost of debt outperformance number, also presented as a percentage of actual regulatory. This has been calculated as 5.90% for 2023/24 and 3.83% for the cumulative four-year position.

	2023/24 Actual equity £m	2020/21-2023/24 Average Actual equity £m
a) Net interest paid including derivatives (£m)	439.8	413.3
b) Average net debt (£m)	9,121.5	8,281.4
Net interest rate (%)	4.82%	4.94%
Average CPIH (%)	5.55%	4.70%
Allowed cost of debt (% CPIH real)	2.22%	2.26%
c) Debt outperformance (%) (applying Fisher equation)	2.90%	2.00%
d) x Average RCV (£m 17/18 prices)	10,887.1	11,039.2
e) x Average actual gearing rate (%)	66.61%	65.91%
Cost of debt outperformance (£m 17/18 prices)	210.7	144.6
Cost of debt outperformance (% of regulatory equity)	5.90%	3.83%
Split by:		
Net interest excluding swaps (Line 7)	5.34%	3.30%
Interest of swaps (Line 8)	0.56%	0.53%

Financing outperformance is mainly attributable to the embedded cost of debt UUW has locked in at lower rates than Ofwat's PR19 FD assumed cost of debt. Ofwat's assumed cost of debt was based on a water industry average and, under the regulatory model, companies with a below average cost of debt, can expect to outperform on financing. In addition, we have consistently issued debt at efficient rates that compare favourably with the industry average, due to our leading treasury management, clear and transparent financial risk management policies, and ability to act swiftly to access pockets of opportunity as they arise.

Additional table narrative

UUW's debt predominantly comprises a mix of index-linked debt (RPI and CPI/CPIH linked) and fixed rate debt. UUW's RPI index-linked debt is locked-in at an average real rate of 1.4%, and CPI/CPIH at -0.6%, locking in outperformance versus the allowed cost of debt of 2.22%. Inclusive of all hedging derivatives, UUW's fixed rate debt is locked-in at a rate of 2.6% nominal. The level of outperformance fluctuates depending on out-turn CPIH – this year we have seen high levels of inflation with average CPIH at 5.55% over the year.

The total outperformance relating to hedging instruments (see line 8 below) is deducted from total cost of debt outperformance to derive a cost of debt outperformance excluding swaps of 5.34% for 2023/24.

Line 8 – Hedging instruments
2023/24 Actual equity: +0.56%; Cumulative Actual equity: +0.53%
This line shows the impact on financing outperformance of our interest rate and cross-currency swap derivatives. Net interest income for the year 2023/24 driven by a rise in market interest rates impacting the interest rate swaps.

Line 10 – Totex out / (under) performance
2023/24 Actual equity: -3.44%; Cumulative Actual equity: -1.31%
This line shows totex out/(under) performance versus the amount allowed in the PR19 FD and presented net of the customer sharing ratio. We chose to accelerate our AMP7 investment programme to enable us to deliver benefits sooner; this is categorised as timing within table 4C and excluded from totex performance.

Totex underperformance is £122.9m (in 2017/18 prices, post customer share) in 2023/24, totalling £197.3m (in 2017/18 prices, post customer share) for the four-year period to 2023/24.

The rate of expenditure across the 4 year period to 2023/24 is higher than the FD allowance. This includes delivering sustainable improvements for customers through Dynamic Network Management and drinking water quality improvements, investing outperformance to deliver our 'Better Rivers: Better North West' programme and making an early start on aspects of the new Environment Act 2021 requirements, and improving the quality and aesthetics of the water supply from the Vyrnwy aqueduct. In addition, we have delivered additional scope requirements on our base capital programme, experienced the impact of inflation with costs rising above average CPIH, and the impact of weather events and incidents, including investment to repair the fractured outlet pipe at our Fleetwood Wastewater Treatment Works in June 2023.

Line 11 – ODI out / (under) performance

2023/24 Actual equity: +0.79%; Cumulative Actual equity: +0.53%
This line shows the actual out/(under) performance of outcome delivery incentives (ODIs) accrued in the year. In 2023/24 we delivered another strong performance against customer ODIs, meeting or exceeding 79% of our performance commitments, resulting in a net reward of circa £28.2m.

The net reward of £28.2m includes a penalty of £1.5m in relation to per capita consumption (PCC) performance. Given the impact of COVID-19 on household consumption, Ofwat do not expect to make an in-period adjustment for performance on PCC. However, Ofwat has advised that all companies continue to report against the performance commitment set out in the PR19 FD, including the impact this has on RoRE, which may, or may not, crystallise.

In accordance with the guidance, we also include notional payments relating to the 2023/24 impact for the end of period ODIs, including £0.8m reward for protecting the environment from growth and new development and £1.9m penalty for Manchester and Pennine resilience.

The average performance to date includes an underperformance payment adjustment to reflect the ODI In Period Determinations to date totalling £0.8m. This comprises of £0.9m underperformance payment for blockages and water supply interruptions, partially offset by an outperformance payment of £0.1m on main repairs.

In addition, there has been a restatement of performance for a small number of incidents for blockages, collapses, internal and external flooding. Following review, the number of incidents for reporting purposes were found to be incorrect, and therefore reclassified. Additional controls have been put in place to prevent a reoccurrence. As a result, £2.9m additional penalty has been reflected in the average performance to date.

Line 12 – C-MeX out / (under) performance
2023/24 Actual equity: +0.08%;Cumulative Actual equity: +0.05%
Under PR19, the Service Incentive Mechanism (SIM) was replaced with two new common performance commitments to incentivise companies to provide an excellent experience for residential customers (C-MeX) and developer services customers (D-MeX). This line shows the C-MeX out/(under) performance.

In 2022/23, we out-performed our peers on C-MeX and received a reward of £3.02m based on our strong performance. The final C-MeX position is confirmed by Ofwat following the publication of companies APRs and is thus reported in the APR one year in arrears and so our final C-MeX reward for 2022/23 is included within this year's RoRE.

Line 13 – D-MeX out / (under) performance
2023/24 Actual equity: +0.00%; Cumulative Actual equity: +0.01%
This line shows the D-MeX out/(under) performance. In 2022/23, we out-performed our peers on D-MeX and received a reward of £0.05m based on our good performance. As with C-MeX, Ofwat publishes the values to be reported in the APR one year in arrears.

Line 14 – Retail out / (under) performance
2023/24 Actual equity: -0.54%; Cumulative Actual equity: -0.35%
Line 14 represents the difference between PR19 FD allowed retail costs for household customers (based on FD assumed customer numbers) and actual costs incurred. Overall, costs incurred in retail have been higher than the FD allowance predominantly due to higher bad debt costs due to the impact of COVID-19 and an increase in costs of living on cash collection, which remain below our original expectations. Inflation has exceeded the rate of inflation forecast at PR19, placing an inherent efficiency challenge on the retail price control as the cost allowances do not increase with inflation.

The retail allowance published in the financial flow data reference document is based on FD assumed customer numbers. Adjusting for actual customer numbers results in retail performance of -0.46% in 2023/24.

Line 15 – Other exceptional items
2023/24 Actual equity: +0.02%; Cumulative Actual equity: +0.04%
This line is defined as exceptional items that are outside normal operating activities. In accordance with the line definition, the 2023/24 return relates to proceeds from land sales of £0.9m net of the customer share and deflated to 2017/18 prices.

Line 17 – RoRE
2023/24 Actual equity: 10.35%; Cumulative Actual equity: 9.22%
This line represents the return on regulatory equity after the base case return assumed in the PR19 FD has been adjusted for all items highlighted above.

RoRE is 8.35%, on a notional equity basis, which is the key RoRE metric disclosed within Table 4H Financial Metrics. On an actual equity basis, reported RoRE at 10.35% is most aligned to actual shareholders' return.

Line 18 – RCV growth from inflation
2023/24 Actual equity: +4.65%; Cumulative Actual equity: +5.80%
This line shows the inflationary uplift to RCV for the period, representing a blended RPI/CPIH basis, as published by Ofwat.

Additional table narrative

Line 19 – Voluntary sharing arrangements
2023/24 Actual equity: -0.28%; Cumulative Actual equity: -0.26%
This line shows the amount of revenue forgone by the company to fund social tariff discounts for retail customers, as reported in table 2N, deflated to 2017/18 prices.

There were approximately 152,000 customers that received a discounted fixed price bill under our social tariff during the year. In total, these customers received a £34.3m discount to their underlying full price bill, of which £12.4m was funded by the company and £21.9m was cross-subsidised by other residential customers. This reduces the actual retail revenue compared to the allowed retail revenue, as reported in Table 2F Residential Retail.

Line 20 – Total shareholder return
2023/24 Actual equity: 14.73%; Cumulative Actual equity: 14.76%
This line adds average inflation in the year (line 18) and the voluntary sharing arrangements in year (line 19) to RoRE (line 17) to represent the actual nominal return.

Lines 21 and 22 – Net dividend
2023/24 Actual equity: 4.21%; Cumulative Actual equity: 5.57%
This is the net of gross dividends and interest received on intercompany loans. The amount of dividends paid during the period for the appointee business totalled £187.1m, as reported in Table 1A, in line with the dividend policy on pages 137 to 141.

Line 23 – Retained value
2023/24 Actual equity: 10.52%; Cumulative Actual equity: 9.19%
This line shows the nominal return (line 20) less the gross dividends paid (line 21) and interest received on intercompany loans (line 22) to represent the value retained in the business post-dividend.

Lines 24 to 26 – Cash impact of 2015–20 performance adjustments
2023/24 Actual equity: +0.34%; Cumulative Actual equity: +0.32%
Per the line definition, this represents out/(under) performance adjustments in relation to the 2015-20 regulatory period. The adjustment is published by Ofwat, and the value is divided by regulatory equity to derive the percentage impact on shareholder returns.

Tables 2C – Cost analysis retail

Variance analysis of retail costs compared to the prior year can be found in our 2023/24 accounting methodology statement, published on our website alongside the APR. (unitedutilities.com/globalassets/documents/pdf/rr24-accounting-methodology-statement)

Tables 2D and 2O – Historic cost analysis of tangible fixed assets and Historic cost analysis of intangible fixed assets

Lines 4 and 9 of Tables 2D and 2O 'Adjustments' include reclassifications of assets between price controls and a one-off reclassification of government grants related to the acquisition of assets. The reclassifications across price controls have mainly occurred due to data cleanse activities performed in the year to ensure assets are correctly allocated per RAG 4.12.

Consistent with the statutory accounts, following a review of the presentation of government grants related to assets during the year, we have elected to deduct the value of grants received in arriving at the carrying value of related assets on the basis that this provides a better representation of the substance of these transactions. This has resulted in £6.1 million of grants related to assets received in previous years being deducted from the assets' carrying values, net of £1.4 million of amortisation of these grants that has already been recognised in profit and loss.

Table 2E – Analysis of 'grants and contributions' – water resources, water network+ and wastewater network+

Grants and contributions associated with water network+ (before deduction of the income offset) have increased in the year due to an increase in connection charges to better align them to the costs incurred. There has also been an increase in income associated with s185 diversions, although this has been partially offset by reductions in income for both NRSWA diversions and other non-price control diversions. Income offset payments have reduced due to both lower connection volumes and lower average prices paid. The value of Water Network+ adopted assets has reduced due to both a reduction in volume and value of connections adopted in the year compared to the prior period.

Grants associated with wastewater network+ have reduced due to reduced wastewater diversions activity across s185 diversions, NRSWA diversions and other non-price control diversions.

Table 2K – Infrastructure charges reconciliation

The purpose of table 2K is to reconcile the infrastructure charges with the infrastructure network reinforcement costs over a six-year rolling period. This is to ensure that the money we receive from developers, due to the impact of new connections increasing the demand on our existing water mains and sewers, is spent accordingly.

Our infrastructure charges are set to be reflective of the service we provide, therefore we have differing levels of charges to reflect the demand placed on our network.

For example, in 2023/24 a lower rate infrastructure charge applied for developments in relation to water efficient homes or properties built with no surface water connection to the existing public sewer. Where developers implement these sustainable developments, it places less demand on our network which reduces our spend on infrastructure network reinforcement. Likewise, where developers do not adopt the sustainable solutions, it places greater demand on our network, which means we have to spend more on infrastructure network reinforcement. The overall aim being that our developer charges recover our expected infrastructure network reinforcement costs and hence there is nil totex impact.

This ensures that existing customers are not funding infrastructure network reinforcement due to new developments.

Additional table narrative

At the end of the 2023/24 the cumulative position is shown in the table below:

Comparison of revenue and costs	Water £m	Wastewater £m	2023/24 Total £m
Variance brought forward	10.666	14.214	**24.880**
Revenue (net of discounts applied)	5.128	5.700	**10.827**
Costs	(7.763)	(8.948)	**(16.711)**
Variance carried forward	8.031	10.965	**18.996**

The variance between cost and revenue for Water is £8.0m and £11.0m for Wastewater. This is mainly due to:

- £7.8m higher revenue due to higher than expected volumes of properties connected (£3.9m higher in water and £3.9m higher in wastewater); circa 14,400 more properties were connected in the last five years than forecast, driven by some significant apartment developments in and around major cities; and
- £11.2m lower infrastructure network reinforcement spend compared with forecast due to the timing of schemes being delivered (£4.1m lower in water and £7.1m lower in wastewater).

Although we are currently in a surplus position, we have significant network reinforcement expenditure planned in the last year of the AMP which we expect to address this. 2024/25 forecast expenditure can be summarised as per the table below:

2024/25 forecast expenditure	
Project completion	£24.1m
Modelling activity and solution development	£3.5m
Investigations	£0.5m
Total	**£28.1m**

There are several significant projects due for completion before 31 March 2025, and we expect these to be delivered prior to the end of the investment period.

Table 2L – Analysis of land sales

There have been five disposals in 2023/24, one early completion incentive, one enfranchisement and six grants of easement. We can confirm that one complete property disposal was above the materiality threshold set out in Condition K of UUW's licence and Ofwat have been retrospectively made aware of this transaction to an external party. In addition, the rental portfolio managed by an external agent is made up of 707 individual income streams.

Table 2N – Household affordability support and debt – social tariffs

As reported in Table 2N, there were approximately 152,000 customers that received a discounted fixed price bill under a social tariff during the year. In total, these customers received a £34.3m discount to their underlying full price bill, of which £12.4m was funded by the company and £21.9m was funded by other residential customers.

Table 2N has been modified this year (consistent with RAG 4.12) to collect additional information on affordability support, customer debt and Guaranteed Standards Scheme (GSS) payments.

Further details on the data reported against each line can be found in the APR table commentary. (unitedutilities.com/globalassets/documents/pdf/apr-table-commentary-2024).

Tax strategy

Consistent with our wider business objectives, we are committed to acting in a responsible manner in relation to our tax affairs.

Our tax policies and objectives, which are approved by the board on an annual basis, ensure that we:

- Only engage in reasonable tax planning aligned with our commercial activities and we always comply with what we believe to be both the letter and the spirit of the law;
- Do not engage in marketed, aggressive or abusive tax avoidance;
- Do not use tax havens for tax avoidance purposes, including not taking advantage of any related secrecy rules which can apply to tax havens;
- Are committed to an open, transparent and professional relationship with HMRC based on mutual trust and collaborative working; and
- Maintain a robust governance and risk management framework to ensure that these policies and objectives are fully complied with and applied at all levels.

We expect to fully adhere to the HMRC framework for co-operative compliance.

Our Chief Financial Officer (CFO) has responsibility for tax governance with oversight from the board. The CFO is supported by a specialist team of tax professionals with many years of tax experience within the water sector and led by the Head of Tax. The Head of Tax has day-to-day responsibility for managing the company's tax affairs and engages regularly with key stakeholders from around the company in ensuring that tax risk is proactively managed. Where appropriate, they will also engage with both external advisers and HMRC to provide additional required certainty with the aim of ensuring that any residual risk is typically low. All significant tax issues are reported to the board regularly.

Consistent with the company's general risk management framework, all tax risks are assessed for the likelihood of occurrence and the negative financial or reputational impact on the company and its objectives, should the event occur. In any given period, the key tax risk is likely to be the introduction of unexpected legislative or tax practice changes, which lead to increased cash outflow which has not been reflected in the current regulatory settlement. The company is committed to actively engaging with relevant authorities in order to actively manage any such risk.

In any given year, the company's effective cash tax rate on underlying profits may fluctuate from the standard UK rate mainly due to the available tax deductions on capital investment. These deductions are achieved as a result of utilising tax incentives, which have been explicitly put in place by successive governments precisely to encourage such investment. This reflects responsible corporate behaviour in relation to tax.

Under the regulatory framework the company operates within, the majority of any benefit from reduced tax payments will typically not be retained by the company but will pass to customers; reducing their bills. For 2023/24, the impact of tax deductions on capital investment alone reduced average household bills by around £20.

United Utilities Water Limited operates solely in the UK and its customers are based here and all of the company's profits are taxable in the UK.

Every year, the company pays significant contributions to the public finances on its own behalf as well as collecting and paying further amounts for its 6,000 strong workforce. Details of the total payments for 2024 of around £240m are set out below:

- Business rates – £83m
- Corporation tax – £0m
- Employment taxes: company – £31m
- Employment taxes: employees – £70m
- Environmental taxes and other duties – £13m
- Regulatory services fees (e.g. water extraction charges) – £43m

There was no corporation tax paid for 2022 onwards due to the introduction of the superdeduction, which was subsequently replaced, with full expensing (made permanent at Autumn Statement 23).

The above tax policy disclosure meets the company's statutory requirement under Paragraph 16(2) of Schedule 19 of Finance Act 2016 to publish its UK tax strategy for the year ended 31 March 2024.

See our website for our latest separate annual tax report, which includes further details in relation to the following key areas:

- How much tax we pay;
- How we ensure that we pay the right tax at the right time; and
- How we ensure that our tax affairs are transparent for all our stakeholders.

Recognising the company's on-going commitment to paying its fair share of tax and acting in an open and transparent manner in relation to its tax affairs, we were delighted to have retained the Fair Tax Mark independent certification for a fifth year.

Current tax reconciliation

	2023/24 £m
Profit on appointed ordinary activities before tax and fair value movements as per Table 1A line 9	88.3
Multiplied at the standard rate of corporation tax of 25%	**22.1**
Capital allowances in excess of depreciation	(109.0)
Adjustment in respect of prior years	(5.1)
Net non-deductible expenses	(0.3)
Pension deductions	(7.0)
Fair value movements	1.9
Other timing differences	(4.4)
Tax loss carried forward	87.2
Appointed current tax credit per Table 1A line 12	**(14.6)**

Tax strategy

Details of factors affecting future tax charges:
The headline rate of corporation tax has increased from 19% to 25%, effective from the current year.

Enhanced capital allowance rates will continue to apply to spend on plant and machinery (P&M) assets:

a. A 100% first year allowance for standard life P&M
b. Expenditure on special rate P&M will continue to attract 50% FYA

In PR19, Ofwat introduced a tax reconciliation mechanism to reflect legislative changes to either the headline corporation tax rate or to the capital allowances rates available on capital expenditure, recognising that these matters were outside of managements control:

- To do this, Ofwat will rerun the PR19 financial model using the totex allowances, PAYG and RCV run-off rates (set out in the final determination).
- The resulting difference to the tax allowed at PR19 is then added/deducted to PR24 revenue requirements.
- In order to ensure that the incentive for companies to manage their liabilities in the most efficient manner is retained, this reconciliation will purely affect the agreed FD scope and profile, not the actual performance of the company.
- Accordingly, this reconciliation will mitigate some of the above additional tax that has been incurred as a result of the increase to corporation tax from 17 to 25 per cent but only on the FD scope and profile, not the actual performance of the company.

Reconciliation of significant variations between the appointed current tax charge or credit reported in line 1A.12 to the total current tax charge allowed in price limits

	2023/24 £m	Commentary
Current tax charge allowed in price limits in 2017/18 prices	40.6	Amount allowed in the Final Determination for corporation tax as published in Ofwat's Financial Flows data reference document
Indexation	10.0	Inflated using the average CPIH figure for the reporting year
Current tax charge allowed in price limits in 2023/24 prices	**50.6**	
Adjustment in respect of prior years	(5.1)	The adjustments in respect of prior years mainly relates to claims for research and development UK tax allowances on our innovation-related expenditure, in respect of multiple years. It reflects an additional claim submitted during the year, along with adjustments relating to ongoing enquiries from the tax authorities in relation to these claims.
Pension deductions	(6.5)	The tax impact of the increase in pension deductions compared to the figures in the FD.
Net decrease in profit before tax and depreciation	(51.4)	The tax impact of the decrease in profit before tax and depreciation compared to the figures per the FD, including the actual interest charge which is higher than the notional amount assumed in the FD.
Fair value movements	6.7	Non-taxable interest, currency and inflation swaps.
Decrease in capital allowances/other	8.8	The decrease in capital allowances is mainly due to the impact of super-deductions and 50% FYA in FY22 and FY23 and the Research & Development Allowance claims made in FY19 to FY22, which has reduced the opening pool balances as compared to the FD. This has been partially offset by the increase in capital expenditure compared to the FD due to our significant additional totex reinvestment.
First year allowances	(126.5)	The UK Government announced in March 2023 that enhanced capital allowances would continue to apply to qualifying plant & machinery ('P&M) assets post cessation of the previous 'superdeduction' regime. It was subsequently announced in November 2023 that this new regime would be permanent. These enhanced rates are a 100% allowance for standard life P&M and a 50% allowance on special rate P&M. The extension of this enhanced relief means that the company is eligible to continue to claim more capital allowances than anticipated in the FD. This has been claimed in full and includes additional tax relief on the increased capital expenditure noted above. No disclaimers have as yet been made.
Increase in tax rate from 17% to 25%	21.7	Impact of the corporation tax rate change.
Tax loss carried forward	87.2	Tax losses have arisen in the period which are being carried forward to utilise in future periods. These have arisen predominantly as a result of enhanced capital allowances above and a reduction in profit before tax as compared to FD.
Appointed current tax credit per Table 1A line 12	**(14.6)**	

Long term viability statement

The directors have assessed the viability of UUW, taking account of UUW's current position, the potential impact of the principal risks facing the business in severe but plausible scenarios, and the effectiveness of any mitigating actions. This assessment has been performed in the context of UUW's prospects as considered over the longer term. Based on this viability assessment, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the seven-year period to March 2031.

Basis of assessment

This viability statement is based on the fundamental assumption that the current regulatory and statutory framework, and interpretation thereof, does not substantively change. The long-term planning detailed on pages 30 to 31 of the UUW statutory accounts assesses the company's prospects and establishes its strategy over a 25-year time horizon consistent with its rolling 25-year licence and its published long-term strategy. This provides a framework for the company's strategic planning process, and underpins our business model set out on pages 16 to 25 of the UUW statutory accounts.

In order to achieve this aim and promote the sustainability and resilience of the business, due consideration is given to the management of risks over the long term that could impact on the business model, future performance, credit ratings, solvency and liquidity of the company. Specifically, risks associated with current levels of economic uncertainty and climate change have been incorporated into the baseline position and factored into the various scenarios modelled as part of the company's assessment. An overview of our risk management approach that supports the company's long-term planning and prospects, together with the principal risks and uncertainties facing the business, can be found on pages 49 to 54 of the UUW statutory accounts. This approach considers the full range of categories of risk that could impact the company, such as financial, operational and regulatory risks. In addition, consideration is given to the adequacy of workforce policies and practices, all liabilities including pension liabilities, any exposure to revenue variations, and expectations of future performance taking account of past performance in delivering for customers.

The viability assessment is performed on a standalone basis in relation to UUW. UUW is part of the United Utilities group[1]. The regulated activities of UUW represent 98 per cent of the total assets of the United Utilities group as a whole, which, taken together with the financial resources and interests of the regulated business being robustly ring-fenced, means there is minimal risk from the non-regulated activities.

Within the context of this long-term planning and management of risks, the company's principal business operates within five-year regulatory price control cycles. Medium-term planning considers the current price control period, over which there is typically a high degree of certainty, and looks beyond this in order to facilitate smooth transitions between price control periods. This results in the board concluding a recurring period of seven years to be an appropriate period over which to perform a robust assessment of the company's long-term viability.

Viability assessment: resilience of the company

The viability assessment is based upon the company's medium-term business planning process, which sits within the overarching strategic planning process and considers:

- UUG's policy of maintaining debt to regulatory capital value (RCV) of between 55% and 65%, which is consistent with a robust capital structure and strong solvency position, and which in turn supports current credit ratings for its principal subsidiary United Utilities Water Limited of A3/BBB+/A- with Moody's, S&P and Fitch, respectively;
- The company's pension schemes being fully funded on a low dependency basis, with around two thirds of the liabilities hedged through built-in contracts and the remaining liabilities fully hedged for interest and inflation risk;
- The company's policy of maintaining a robust liquidity position, with liquidity to cover expected cash outflows for the next 15–24 months, and flexibility to exceed the upper end of the liquidity range in periods of greater uncertainty. At March 2024, UUW had £1,811 million of available liquidity covering expected cash outflows through to January 2026 and providing a significant buffer to absorb short-term cash flow impacts;
- The company's expected performance, underpinned by its historical track record; and
- The current regulatory framework within which UUW operates – which provides a high degree of cash flow certainty over the regulatory period, and the broader regulatory protections outlined below.

From a regulatory perspective, the company benefits from a rolling 25-year licence and a regulatory regime in which regulators – including the economic regulator, Ofwat – are required to have regard to the principles of best regulatory practice. These include that regulation should be carried out in a way that is transparent, accountable, proportionate, consistent and targeted. Ofwat's primary duties provide that it should protect consumers' interests, by promoting effective competition wherever appropriate; secure that the company properly carries out its statutory functions; secure that the company can finance the proper carrying out of these functions – in particular through securing reasonable returns on capital; and secure that water and wastewater supply systems have long term resilience and that the company takes steps to meet long term demands for water supplies and wastewater services.

In addition, from an economic perspective, given the market structure of water and wastewater services, threats to the company's viability from risks such as reduced market share, substitution of services and reduced demand are low compared to those faced by many other industries.

The factors set out in this section underpin the expectation of the company's ability to maintain access to equity and debt capital to the extent necessary to maintain the company's capital structure and liquidity policies, which in turn provide the capital buffer and cash liquidity considered appropriate to mitigate the potential realisation of the principal risks facing the business.

Viability assessment: resilience to principal risks facing the business

The directors have assessed the company's viability based on the resilience of UUW and its ability to absorb a number of 'severe but plausible' scenarios, derived from the principal risks facing the company, as set out on pages 53 to 54 in the UUW statutory accounts. The baseline plan, against which the viability assessment has been performed, reflects that inflation is expected to fall to more normal levels from 2024/25 onwards. This baseline plan is then subject to further stress scenarios and reverse stress testing that takes into account the potential impact of UUW's principal risks. Such risks include: environmental risks such as the occurrence of extreme weather events and other impacts of climate change, further details of which are included in the company's TCFD disclosures on pages 32 to 37 of the UUW statutory accounts; political and regulatory risks; the risk of critical asset failure; significant cyber security breaches; current economic uncertainties and a squeeze on the cost of living impacting the company's customer base; and the potential for a restriction to the availability of financing resulting from a capital markets crisis.

[1] United Utilities Group PLC and its subsidiary undertakings.

Long term viability statement

The scenarios considered are underpinned by the company's established risk management processes, taking into account those risks with a greater than 10% (1 in 10) cumulative likelihood of occurrence. Risks associated with current economic conditions are reflected within the baseline position, with potential downside risks (most notably in relation to bad debt and inflation volatility) covered by the individual scenarios modelled, and collectively within a combined scenario.

Based on these risks, the following seven largest impacting scenarios were identified and applied as downside stress scenarios to UUW's baseline plan:

Scenario modelled	Link to risk factors
Scenario 1: Totex £400m one-off impact in 2024/25	Broadly representing the largest 'severe but plausible' risk which is a critical asset failure, all assumed to be operating costs
Scenario 2: Totex underperformance of 8% (c£150m–c£305m) per annum for 2024/25–2030/31	Representing the cumulative total expected NPV totex impact of the remaining top 10 'severe but plausible' risks (including environmental, cyber security and network failure risks)
Scenario 3: CPIH inflation of 1.0% below baseline plan for 2024/25–2026/27	Broadly consistent with quantum of inflation impacts modelled within top 10 'severe but plausible' risks
Scenario 4: An increase in bad debt of £15m per annum from 2024/25 to 2030/31	Aligned to internal risk factor on debt collection
Scenario 5: Additional ODI penalty of circa £85m per annum	Assumes mid-point of UUW's baseline and PR19 final determination P90 ODI position
Scenario 6: Debt refinanced as it matures, with new debt financed at 1% above the forward projections of interest rates 2024/25–2030/31	Representing more than top 10 'severe but plausible' risk on credit ratings as well as high impact/low likelihood risk on financial outperformance
Scenario 7: Combined scenario – 50% of scenarios 2-6	50% of scenarios 2-6

Example mitigations (of which none are required to remain viable under the scenarios modelled):

- Reduction in discretionary totex spend
- Capital programme deferral
- Closing out of derivative asset position
- Restriction of dividend

All of which are considered to be within the control of management. In addition to these, it is considered that the following mitigating actions could also be implemented across the UUG group and which could be further utilised by UUW as required:

- Issuing of new finance
- Raising of additional equity

The assessment has considered the impact of these scenarios on the company's business model, future performance, credit ratings, solvency and liquidity over the course of the viability assessment period. This assessment has demonstrated UUW's ability to absorb the impact of all severe but plausible scenarios modelled.

The most extreme of the severe but plausible scenarios modelled, without any mitigating action, resulted in: UUW retaining investment grade credit ratings and liquidity of more than one year. Mitigating actions are available to be taken to maintain financial debt covenants to avoid a projected breach isolated to 2030/31, based on the most extreme of the severe but plausible scenarios modelled.

Viability assessment: reverse stress testing

As part of the assessment, reverse stress testing of two extreme theoretical scenarios focusing on totex overspend and persisting low inflation have been performed to understand the extent to which the company could further absorb financial stress before it reaches a sub-investment grade credit rating. This reverse stress testing demonstrated that these extreme conditions would have to be significantly outside what would be considered 'severe but plausible' scenarios before the company's long-term viability would be at risk.

Viability assessment: key mitigating actions

In the event of more extreme but low likelihood scenarios occurring, there are a number of key mitigations available to the company, the effectiveness of which are underpinned by the strength of UUW's capital solvency position.

As well as the protections that exist from the regulatory environment within which the company operates, a number of actions are available to mitigate more severe scenarios, including those outlined in the above table.

Governance

The analysis underpinning this assessment has been through a robust internal review process, which has included scrutiny and challenge from the audit committee and board, and has been reviewed by the company's external auditor, KPMG, as part of their normal audit procedures.

Going concern

The directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the basis of preparation paragraph in the accounting policies on page 134.

Information in respect of transactions with any other business or activity of the appointee or any associated company

To the best of their knowledge, the directors of the company declare that all appropriate transactions with associated companies have been disclosed and material transactions with associated companies are at arm's length and no cross-subsidy has occurred. The materiality level of transactions used for reporting is 0.5 per cent of turnover.

Borrowings and loans

The following loans from associated companies existed at 31 March 2024:

	£m	Interest rate	Repayment date
United Utilities PLC: overdraft facility	9.366	0.173%+BoE Base Rate	On demand
United Utilities PLC: £170.0 million loan	181.147	0.173%+BoE Base Rate	18 months from lender intention to withdraw facility
United Utilities PLC: £250.0 million loan	261.965	0.173%+BoE Base Rate	Amortising until August 2025
United Utilities Water Finance PLC: GBP Notes 2.0% 2025	328.368	2.000%	February 2025
United Utilities Water Finance PLC: GBP 0.013% RPI Bond 2025	36.864	0.013%+RPI	April 2025
United Utilities Water Finance PLC: HKD Notes 2.867% 2026	31.763	2.867%	January 2026
United Utilities Water Finance PLC: HKD Notes 2.92% 2026	73.396	2.920%	February 2026
United Utilities Water Finance PLC: EUR Notes 1.129% 2027	41.694	1.129%	April 2027
United Utilities Water Finance PLC: HKD Notes 2.37% 2027	80.416	2.370%	October 2027
United Utilities PLC: $400.0 million bond	338.852	6.875%	August 2028
United Utilities Water Finance PLC: GBP 0.010% RPI Bond 2028	29.516	0.010% +RPI	September 2028
United Utilities Water Finance PLC: GBP Notes 1.43% 2028	87.624	1.430%	October 2028
United Utilities Water Finance PLC: GBP Notes 0.875% 2029	251.626	0.875%	October 2029
United Utilities Water Finance PLC: GBP 0.178% RPI Bond 2030	51.592	0.178%+RPI	April 2030
United Utilities Water Finance PLC: JPY Notes 0.175% 2030	55.188	0.175%	August 2030
United Utilities Water Finance PLC: EUR Notes 2.058% 2030	23.408	2.058%	October 2030
United Utilities Water Finance PLC: GBP Notes 2.625% 2031	361.189	2.625%	February 2031
United Utilities Water Finance PLC: HKD Notes 2.900% 2031	54.061	2.900%	June 2031
United Utilities Water Finance PLC: EUR Notes 1.641% 2031	22.379	1.641%	June 2031
United Utilities Water Finance PLC: USD Notes 1.474% 2031	21.620	1.474%	August 2031
United Utilities Water Finance PLC: GBP 0.245% CPI Bond 2031	25.981	0.245% +CPI	December 2031
United Utilities Water Finance PLC: GBP 0.010% RPI Bond 2031	55.862	0.010% +RPI	December 2031
United Utilities Water Finance PLC: EUR Notes 1.707% 2032	21.479	1.707%	October 2032
United Utilities Water Finance PLC: EUR Notes 1.653% 2032	19.575	1.653%	December 2032
United Utilities Water Finance PLC: EUR Notes 1.700% 2033	23.006	1.700%	January 2033
United Utilities Water Finance PLC: GBP Notes 2.000% 2033	324.588	2.000%	July 2033
United Utilities Water Finance PLC: GBP Notes 3.750% 2034	553.793	3.750%	May 2034
United Utilities Water Finance PLC: GBP Notes 5.750% 2036	414.585	5.750%	June 2036
United Utilities Water Finance PLC: GBP 0.010% RPI Bond 2036	40.686	0.010% +RPI	September 2036
United Utilities Water Finance PLC: GBP 0.379% CPI Bond 2036	25.962	0.379% +CPI	December 2036
United Utilities Water Finance PLC: GBP 0.010% RPI Bond 2036	42.942	0.010% +RPI	December 2036
United Utilities Water Finance PLC: GBP 0.093% CPI Bond 2037	77.472	0.093% +CPI	February 2037
United Utilities Water Finance PLC: JPY Notes 1.450% 2037	43.418	1.450%	December 2037
United Utilities Water Finance PLC: GBP Notes 1.750% 2038	301.776	1.750%	February 2038
United Utilities Water Finance PLC: GBP Notes 5.125% 2038	297.414	5.125%	October 2038
United Utilities Water Finance PLC: GBP 0.010% CPI Bond 2040	168.251	0.010% +CPI	July 2040
United Utilities Water Finance PLC: GBP Notes 1.875% 2042	295.833	1.875%	June 2042
United Utilities Water Finance PLC: GBP Notes 5.250% 2046	248.495	5.250%	January 2046
United Utilities Water Finance PLC: GBP 0.359% CPI Bond 2048	40.752	0.359% +CPI	October 2048
United Utilities Water Finance PLC: GBP 0.387% CPI Bond 2057	41.716	0.387% +CPI	October 2057

Loans to associated companies at 31 March 2024

There were no loans to associated companies as at 31 March 2024.

Information in respect of transactions with any other business or activity of the appointee or any associated company

Dividends paid to associated undertakings

During 2023/24, interim dividends were paid to the parent company, United Utilities North West Limited, totalling £189.0 million (2022/23: £454.2 million).

In line with the dividend policy on pages 137 to 141, dividends paid of £189.0m comprised:

- £192.7m reflecting a 4% return of the equity portion of the shadow RCV;
- £1.9m reflecting the profit after tax in relation to the non-appointed activities of UUW;
- £(5.6)m reflecting a true-up from 2022/23 as actual base returns in relation to that year were slightly higher than originally forecast at the time of authorising previous dividend payments.

Guarantee by the appointee

A financing subsidiary of United Utilities Water Limited (UUW), United Utilities Water Finance PLC (UUWF), was set up in 2014/15 to issue new listed debt on behalf of UUW, following UUW's re-registration as a private limited company. Debt instruments issued by UUWF (as listed in borrowing and loans above) have been guaranteed by UUW.

Transfer of assets by or to the appointee

There were no transfers of assets or liabilities by or to the company in 2023/24.

Services supplied to the company by associated companies in 2023/24

Nature of transaction	Company	Turnover of associate £m	Terms of supply	Total value of goods, work or services 2023/24 £m
Functions	UU PLC	–	Employment costs	**12.667**
Share-based payments recharge	UU Group PLC	–	Employment costs	**5.232**
Purchase of energy	UU Renewable Energy	–	Contract price	**–**
Estates charges	LM Bus Park Dev Co Ltd	–	Contract price	**0.758**
				18.657

Services supplied by the company to associated companies in 2023/24

Nature of transaction	Company	Turnover of associate £m	Terms of supply	Total value of goods, work or services 2023/24 £m
Employment costs and travel costs	UU Property Services	1.079	Recharge of costs	**0.424**
Employment costs and travel costs	UU PLC	–	Recharge of costs	**1.034**
Employment costs and travel costs	UU International Ltd	–	Recharge of costs	**0.011**
Employment costs and travel costs	UU Total Solutions	–	Recharge of costs	–
Employment costs and travel costs	UU Renewable Energy	–	Recharge of costs	–
Employment costs and travel costs	UU US (Industrial) Ltd	–	Recharge of costs	**0.006**
Wholesale water/wastewater recharge	Water Plus Ltd	759.034	Contract price	**334.425**
Business development costs	UU PLC	–	Recharge of costs	–
Central services including IT	UU Property Services	1.079	Recharge of costs	**0.046**
				335.946

Information in respect of transactions with any other business or activity of the appointee or any associated company

Corporation tax group relief received/surrendered by the regulated business in 2023/24

Losses surrendered to other group companies totalled £8.9m, however, these will be settled at the mainstream rate of corporation tax, so overall there is no financial impact.

Service	Company	Turnover of associate	Terms of supply	Value
Corporation tax group relief surrendered by regulated business	United Utilities PLC	Nil	The losses surrendered by United Utilities Water Ltd will be paid for at the mainstream rate of corporation tax	£8.9m

Services supplied to the non-appointed business in 2023/24

Service	Basis of recharge made by the appointed business	Value of recharge made by the appointed business 2023/24 £m
Treatment of imported sludge	Nil	**Nil**
Treatment of tankered waste	The appointed business recharges the non-appointed business for treating tankered waste at wastewater treatment works. The recharge is calculated using the Mogden formula based on tankered waste volumes and, as per RAG 2.08 (2.21), the income is recorded as negative expenditure, reducing appointed operating expenditure.	**2.506**
Property searches	The appointed business recharges the non-appointed business for the use of operating systems consumed directly in the performance of non-appointed activities. This is calculated based on the frequency and proportion of system use.	**1.227**
Meter reading services	The appointed business recharges the non-appointed business in respect of meter reading services provided to retailers in the non-household market. The operating cost recharge is calculated using a cost allocation model that apportions cost based on the volume and type of activity completed for retailers. Amortisation associated with systems used to deliver the meter reading service is calculated based on a split of activity volumes between those performed for domestic customers and those completed for retailers or the wholesaler.	**1.233**

Statement of directors' remuneration and standards of performance

Statement of directors' remuneration and standards of performance

All directors of United Utilities Water Limited 'UUW' are also directors of United Utilities Group PLC 'UUG'. Our current UUG remuneration policy (the policy) was approved by shareholders at the 2022 UUG AGM, with the policy next being reviewed and renewed no later than the 2025 UUG AGM. Further details about our remuneration approach, including the policy, are available on pages 141 to 164 in the annual report and accounts of UUG. (unitedutilities.annualreport2024.com/)

For the purposes of this disclosure, the company's directors can be split into two categories:

- executive directors of UUW; and
- non-executive directors of UUW.

During the year ended 31 March 2024, the executive directors have received remuneration linked to levels of performance against service standards in connection with activities subject to price regulation, which has been paid by United Utilities PLC (UU PLC).

As outlined in the annual report and accounts of UUG, the non-executive Chairman and non-executive directors are not eligible to participate in the company's performance-related pay arrangements (i.e. annual bonus or long-term incentive schemes) and were paid no remuneration linked to water service standards.

The year in focus

The water sector has continued to be subject to significant scrutiny during the year, with storm overflows and pollution remaining clear areas of interest for customers and wider society. We know we need to restore public confidence and trust in the sector, and are committed to having executive pay arrangements that demonstrate legitimacy and transparency, and reflect the expectations of our stakeholders. The measures and targets used in our 2023/24 annual bonus reflected our commitment to tackle storm overflow activations and improve river quality, with the introduction of a new spill reduction measure and the overall weighting of environmental measures being increased compared to the previous year. As was the case for 2022/23, performance-related pay for executive directors, which is in respect of performance in the financial year 2023/24, has been paid by UUPLC, a group holding company, and will not therefore be funded by customers of UUW, the regulated company. The costs associated with the executive directors' bonuses and long-term incentives (LTIs) in respect of the financial year 2023/24 will be excluded from the 2023/24 regulatory accounts for UUW, specifically wholesale totex reported in table 2B. As such, these costs are, therefore, automatically excluded from the totex customer cost sharing mechanism, and will not, therefore, be paid for by customers of UUW.

The UUG remuneration committee (committee) has a robust track record of making sure that executive performance pay outcomes are aligned with the interests of all our stakeholders. The majority of performance-related pay is linked to measures with a clear customer and/or environmental link, with 75 per cent of the annual bonus and 50 per cent of the Long Term Plan (LTP) being based on stretching targets related to our delivery for customers, and at least 30 per cent of overall performance-related pay being based on environmental performance. Governance mechanisms are in place that enable the committee to reduce, withhold, remove, or clawback performance pay in certain circumstances, and we provide clear, transparent and comprehensive disclosures about our executive remuneration and approach.

Looking ahead, the performance measures used in our performance-related pay schemes during 2024/25 will remain closely aligned with our strategic priorities and focused on delivery for our stakeholders. As in recent years, across both of our performance-related pay schemes there will be a material weighting linked to delivery for customers, and at least 30 per cent will be based on measures which relate to our environmental performance, including serious pollution and reducing storm overflow activations, as a demonstration of our ongoing commitment to improving performance in this important area. Going forward, we are committed to making sure that at least 30 per cent of performance-related pay outcomes are related to environmental performance, including reducing storm overflow activations.

Further details about our approach to executive remuneration in 2023/24, including our performance-related pay outcomes, and our plans for 2024/25 are provided on page 160 to 163.

Element: purpose and link to strategy	Operation	Opportunity 2023/24	Performance measures
Base salary			
To attract and retain executives of the experience and quality required to deliver the company's strategy.	Reviewed annually. Executive directors will normally receive a salary increase that is generally no greater than the increase awarded to the general workforce. Significant increases only awarded infrequently, for example, where there has been a material increase in: • the size of the individual's role; • the size of the company (through mergers and acquisitions); or • the pay market for directly comparable companies (for example, companies of a similar size and complexity).	**Louise Beardmore:** 1 April 2023 – 31 March 2024: £690,000 **Phil Aspin:** 1 April 2023 – 31 August 2023: £427,380. Increased by c4.1 per cent to £445,000 from 1 September 2023.	None.

Statement of directors' remuneration and standards of performance

Element: purpose and link to strategy	Operation	Opportunity 2023/24	Performance measures
Benefits			
To provide market competitive benefits to help recruit and retain high-calibre executives.	Provision of benefits such as health benefits, green travel allowance, relocation assistance, life assurance, group income protection, opportunity to join the ShareBuy scheme, travel and communication costs.	See table on executive directors' remuneration 2023/24 on page 160.	None.
Pension			
To provide a level of benefits that allow for personal retirement planning.	Executive directors are offered the choice of: • a company contribution into a defined contribution pension scheme; or • a cash allowance in lieu of pension; or • a combination of a company contribution into a defined contribution pension scheme and a cash allowance.	Aligned to the approach available to the wider workforce, currently: • up to 14 per cent of salary into a defined contribution scheme; • cash allowance of broadly equivalent cost to the company (i.e. up to 12 per cent of base salary for 2023/24); or • a combination of both such that the cost to the company is broadly the same.	None.
Annual bonus			
To incentivise performance against selected financial and operational KPIs that are directly linked to business strategy. Deferral of part of bonus into shares aligns the interests of executive directors and shareholders.	Executive directors: • Maximum of 50 per cent paid as cash. • A minimum of 50 per cent of bonus awarded deferred into UUG shares under the deferred bonus plan (DBP) for a period of at least three years. • Dividends or dividend equivalents accrue during the DBP deferral period and are paid upon vesting. • Not pensionable. Bonuses and shares under the DBP are subject to withholding and recovery provisions in cases of: material misstatement of audited financial results; an error in the calculation; gross misconduct; serious reputational damage; serious failure of risk management; corporate failure; or other circumstances that the committee may determine.	Maximum 130 per cent of salary Details of the measures, targets and outcome of the 2023/24 annual bonus are shown on page 160 to 161.	Outcomes based predominantly on customer and environmental performance, with a minority on financial performance. Measures, targets and weightings set by reference closely aligned with our strategic priorities and with delivery for stakeholders. Bonus outcomes are subject to the committee being satisfied that the company's performance on the measures is consistent with underlying business performance and individual contributions. The committee will exercise discretion on bonus outcomes if it deems necessary. 100 per cent of maximum bonus potential for stretch performance; up to 50 per cent of maximum for target performance; and up to 25 per cent of maximum for threshold performance. No payout for below-threshold performance.
Long Term Plan			
To incentivise long-term value creation and alignment with the long-term interests of shareholders, customers, and other stakeholders.	Awards under the Long Term Plan (LTP) are rights to receive UUG shares, subject to certain performance conditions. Each award is measured over at least a three- year performance period. For awards granted to executive directors an additional holding period applies after the end of the three- year performance period so that the total vesting and holding period is at least five years. Dividends or dividend equivalents accrue until awards are released to participants, to the extent that such awards vest for performance. Shares under the LTP are subject to withholding and recovery provisions in cases of: material misstatement of audited financial results; an error in the calculation; gross misconduct; serious reputational damage; serious failure of risk management; corporate failure; or other circumstances that the committee may determine.	The normal maximum award level will be up to 130 per cent of salary per annum. The overall policy limit is 200 per cent of salary. It is not anticipated that awards above the normal level will be made to current executive directors and any such increase on an ongoing basis will be subject to prior consultation with major shareholders. Details of the measures, targets and expected outcome of the 2021 LTP are shown on page 161 to 162.	The two performance conditions a basket of customer and environmental measures, and Return on Regulated Equity. The weighting of each of these two components is 50 per cent. Any vesting is subject to the delivery of the dividend policy during the respective performance period, and the committee being satisfied that the company's performance on these measures is consistent with underlying business performance. The committee will exercise discretion on LTP outcomes if it deems it necessary. The committee has discretion to set alternative performance measures and/or weightings for future awards but will consult with major shareholders before making any changes to the currently applied measures and/or weightings. 100 per cent of awards vest for stretch performance; and up to 25 per cent of awards vest for threshold performance. No awards vest for below-threshold performance.

Statement of directors' remuneration and standards of performance

Element: purpose and link to strategy	Operation	Opportunity 2023/24	Performance measures
Shareholding requirements			
The committee believes that it is important for each executive director to build and maintain a significant investment in shares of UUG to provide alignment with shareholder interests during and after employment.	Executive directors are expected to reach a shareholding requirement of 200 per cent of salary, normally within five years of appointment. The following post-employment shareholding requirements apply in the event of an executive director leaving the company: • Executive directors must continue to hold the lower of 200 per cent of salary in shares or their shareholding on departure, for two years after ceasing employment with the group. • Executive directors must retain shares vesting (net of tax) from all share awards (including in-flight awards) if not doing so would take their shareholding below the requirement. Nominee accounts are used to enable the post-employment shareholding requirements to be robustly enforced.	None.	None.
Non-executive directors' fees and benefits			
To attract non-executive directors with a broad range of experience and skills to oversee the development and implementation of our strategy.	The remuneration policy for the non-executive directors (with the exception of the Chairman) is set by a separate committee of the board. The policy for the Chairman is determined by the remuneration committee (of which the Chairman is not a member). Fees are reviewed annually taking into account the salary increase for the general workforce and the levels of fees paid by companies of a similar size and complexity. Additional fees are paid in relation to extra responsibilities undertaken, such as chairing certain board subcommittees, and to the senior independent non-executive director. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for non-executive directors, the board may pay extra fees on a pro rata basis to recognise the additional workload. No eligibility for bonuses, long-term incentive plans, pension schemes, healthcare arrangements or colleague share schemes.	Base fees for the non-executives including the Chairman were increased by 3 per cent in 2023/24. The additional fees for the senior independent non-executive director and the chairs of committees were also increased by 3 per cent. The value of benefits may vary from year to year according to the cost to the company.	Non-executive directors are not eligible to participate in any performance-related arrangements.

Why the standards of performance impacting incentives are set and how they are assessed

Our remuneration approach is aligned to our purpose, values and strategy, thereby incentivising delivery for customers and the environment, and the creation of long-term value for all our stakeholders. Through the annual bonus and long-term incentive schemes, the executive directors receive remuneration linked to the achievement of performance measures which relate to water service standards in order to provide an incentive for them to deliver improvements in those standards.

The following table provides a summary of how our performance-related pay framework in 2023/24 was closely aligned to our strategic priorities and with delivery for our stakeholders. Many of the performance measures are key performance indicators (KPIs) for the regulatory period 2020–25 and a significant proportion of the outcomes available (62.5 per cent overall) are linked to stretching delivery for customers and the environment.

Statement of directors' remuneration and standards of performance

Our remuneration approach is aligned to our purpose, values and strategy, thereby incentivising delivery for customers and the environment, and the creation of long-term value for all of our stakeholders.

Our purpose is to provide great water for a stronger, greener, healthier North West

Our strategic priorities

Our purpose is implemented throughout our strategy

- Improve our rivers
- Create a greener future
- Deliver great service for all our customers
- Provide a safe and great place to work
- Spend customers' money wisely
- Contribute to our communities

Stakeholders

Delivering for all our stakeholders

- Communities
- Colleagues
- Environment
- Customers
- Suppliers
- Investors

Our remuneration approach supports our business and people strategy and reflects the views of different stakeholders.

There are three key principles of our approach to executive remuneration:

1. **Align** to our purpose, values and strategy
2. **Incentivise delivery** for customers and the environment
3. **Create long-term value** for all of our stakeholders

Our incentive framework in 2023/24 was designed to align with our business strategy and delivers for each of our stakeholder groups.

Our annual bonus and Long Term Plan (LTP) are closely aligned to our strategic priorities and with delivery for our stakeholders. They each demonstrate a clear focus on customers and the environment.

Element	Why it's important to our remuneration approach	Link to strategic priorities	Link to different stakeholders
2023/24 annual bonus			
Underlying operating profit	Underlying operating profit is a key measure of shareholder value.		
Customer service in year • C-MeX ranking • Water quality contacts (appearance)	By using Ofwat's measure of customer experience alongside a measure that focuses on reducing the number of complaints made by customers, executive directors are incentivised to deliver the best service to customers. Ofwat can apply financial incentives or penalties depending on our customer service performance. Customers expect the water that comes out of their tap to be clear, and when it is discoloured it can affect public confidence in the water supply. This measure helps drive improvements in this aspect of our performance.		
Maintaining and enhancing outcomes for customers and the environment • Better Rivers commitments: percentage reduction of reported storm overflow activations • Better Rivers commitments: percentage of 2023/24 programme milestones delivered • Outcome delivery incentive (ODI) composite • Capital programme delivery incentive (CPDi)	Improving river health in the North West is a priority for our customers and other stakeholders. The use of bonus measures relating to our Better Rivers commitments means our executive directors are incentivised to deliver our ambitious plans. The ODI composite measure includes a range of customer and environmental commitments. It is based on the outperformance payments earned and financial penalties incurred by the company based on its delivery of the performance targets embedded in the AMP7 final determination. The performance targets and the financial incentives associated with them are determined by Ofwat in the expectation that achieving them means that stretching outcomes have been delivered for customers and the environment. Bonus awards are only made where the value of these payments exceeds a predetermined level, which the committee sets relative to the AMP7 determination. Non-delivery of our performance commitments can result in financial penalties being applied, which reduces the likelihood of this target being achieved. The CPDi measure incentivises the executive directors to keep tight control of our capital programmes to ensure we can provide a reliable and environmentally conscious service to our customers.		
Compulsory deferral of bonus	Requiring executive directors to defer part of their bonus into shares provides reassurance that the company is being run in the longer-term interests of shareholders, customers and the environment, including beyond the annual bonus period. It also reassures shareholders and customers that some/all of the deferred bonus could ultimately be withheld if during the deferral period this is deemed necessary.		
2021 Long Term Plan (LTP)			
Return on Regulated Equity (RoRE)	RoRE is a key regulatory measure of performance against the final determination. Outperformance will result in an increase to RoRE, which should translate into higher returns for shareholders through share price performance. Outperformance also benefits customers and the environment through strong delivery against stretching performance commitments, efficiencies in the capital investment programme and lower long-term financing costs.		
Basket of customer and environmental measures	The basket is made up of specific performance commitments embedded in the AMP7 final determination, focusing on areas that customers have identified via our research as being most important to them. Strong delivery of the commitments benefits our customers, communities and the environment, and can result in outperformance payments from Ofwat, which is positive for shareholders.		
Additional holding period (so the overall vesting and holding period is at least five years)	Requiring the executive directors to wait a further period after the performance outcome of their award is known ensures continued longer-term alignment with shareholder interests and delivery for stakeholders, including customers and the environment. It also reassures shareholders and customers that some/all of the LTP outcome could ultimately be withheld if during the holding period this is deemed necessary.		
Key governance mechanisms			
Discretion over outcomes	The committee retains discretion to override formulaic outcomes (including reducing down to zero) in both schemes to ensure that they are appropriate and reflective of overall performance, over the life of the policy (taking into account any evolution of the strategic goals for the company and to reflect customer and regulatory priorities).		
Withholding and recovery provisions	Bonuses and shares under the DBP and LTP are subject to withholding (malus) and recovery (clawback) provisions in cases of: material misstatement of audited financial results; an error in the calculation; gross misconduct; serious reputational damage; serious failure of risk management; corporate failure; or other circumstances that the committee may determine.		
Shareholding guidelines	It is important that each executive director builds and maintains a significant shareholding in shares of the company to provide alignment with shareholder interests (during and after employment) and as a demonstration that the company is being run for the long-term benefit of all its stakeholders, including customers and the environment.		

Statement of directors' remuneration and standards of performance

Aligning performance-related pay with delivery for customers, the environment, and other stakeholders

When determining performance-related pay outcomes for the executive directors, standards of performance are assessed by the committee to ascertain whether targets have been achieved. In addition, the committee also considers relevant reports from Ofwat in assessing the achievement of standards of performance, alongside the consideration of overall performance.

The data required to report on the delivery of our performance commitments and other commitments has been developed to be a subset of our routine, and often long-standing, operational and management information that is directly used to support and direct key business activities. We have also established a centralised reporting function, which has accountability for both assuring the quality of the data and for providing a central source of management information, which can be used by many areas of the business.

Executive directors' remuneration 2023/24

	Base salary £'000	Pension £'000	Benefits £'000	Annual Bonus[1] £'000	Long-term incentives[2] £'000	2023/24 Total £'000
Louise Beardmore	690	86	29	0[3]	0[3]	**805**
Phil Aspin	438	53	21	0[3]	0[3]	**512**

(1) 50 per cent of each executive director's bonus will be deferred for three years in to the DBP.
(2) See page 161 to 162 for further detail on the long-term incentives.
(3) The performance-related pay outcomes received by the executive directors in respect of 2023/24 were paid out of UU PLC. Details can be found on page 146 of the UUG annual report.

A recharge of £243,000 during the year ended 31 March 2024 (2023: £239,000) was charged to other companies in the United Utilities group in relation to the provision of executive director services (£184,000 (2023: £184,000)) and non- executive director services (£59,000 (2023: £55,000)).

2023/24 annual bonus

Cash bonuses are earned by reference to performance in the financial year, are paid in June following the end of the financial year and are subject to recovery provisions for two years. At least 50 per cent of any bonus is deferred, typically into shares under the Deferred Bonus Plan. These awards vest after three years and are subject to withholding provisions during the deferral period.

The outcomes in respect of the executive directors' annual bonus for the year ended 31 March 2024 are set out below. The measures and targets used reflected our commitment to tackle storm overflow activations and improve river quality, with the introduction of a new spill reduction measure and the overall weighting of environmental measures being increased compared to the previous year. The table on page 159 summarises how the performance measures are linked to our business strategy, including delivery for customers and the environment.

Many aspects of company performance were strong but the challenging weather conditions during the year severely hampered performance in some areas, and the stretching nature of the targets set meant that the threshold level of performance was not achieved for some bonus measures, including the new measure related to spills. As always, the committee also undertook an assessment to determine whether the formulaic outcome of the bonus scorecard was aligned with overall performance and the experience of stakeholders, including customers and the environment. A key consideration in the assessment this year was the operational incident in June 2023 arising from a fractured outlet pipe at our Fleetwood Wastewater Treatment Works. The significant effort and commitment made by the executive team and other colleagues across the company to recover services to the area and minimise the impact of the incident was commendable. Nevertheless, the committee determined that in consideration of the level of disruption caused in the local community and the adverse impact on many stakeholders, it was appropriate to apply discretion to the executive directors' bonuses and decided to reduce the outcomes by 5 per cent of maximum. This means that the value of bonuses received by the executive directors are around 10 per cent less than they would have received if a reduction had not been applied.

The bonuses received by the executive directors in respect of 2023/24 have been paid by UU PLC and full disclosure can be found on page 146 of the UUG annual report.

Statement of directors' remuneration and standards of performance

Measure	Max. %	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	Vesting as a % of max	Outcome
Underlying operating profit[1]	25.0%	£670.2m	£695.2m	£720.2m	£711.3m	82.2%	Paid by UU PLC
Customer service in year:							
C-MeX ranking out of the 17 water companies	10.0%	n/a	6th position	5th position	6th position	50.0%	Paid by UU PLC
Water quality contacts (appearance)	5.0%	5,800	5,550	5,300	5,428	74.4%	Paid by UU PLC
Maintaining and enhancing outcomes for customers and the environment:							
Better Rivers commitments: % reduction of reported stormflow activations	12.5%	8.0%	10.0%	12.0%	0.0%	0.0%	Paid by UU PLC
Better Rivers commitments: % of 2023/24 programme milestones delivered	12.5%	90.0%	95.0%	100%	100%	100%	Paid by UU PLC
Outcome delivery incentive (ODI) composite[2]	25.0%	£41.0m	£53.0m	£65.0m	£32.2m	0.0%	Paid by UU PLC
Capital programme delivery incentive(CPDi)[3]	10.0%	85.0%	90.0%	95.0%	98.0%	100%	Paid by UU PLC

(1) Underlying operating profit for bonus purposes excludes infrastructure renewals expenditure and property trading.
(2) The outcome of the ODI composite measure has been subject to independent external assurance.
(3) CPDi is an internal measure which measures the extent to which we deliver our capital projects on time, to budget and to the required quality standard. It is expressed as a percentage, with a higher percentage representing better performance.
(4) 50 per cent of the annual bonus will be deferred for three years.

For each of these bonus measures there was a threshold level of performance which triggered a partial payment of bonus with a sliding scale providing for achievement of up to 100 per cent of the relevant element of bonus.

Long-term incentives

2021 Long Term Plan (LTP) awards vesting in relation to 2023/24

The 2021 LTP awards were granted in June 2021 and performance was measured over the three-year period from 1 April 2021 to 31 March 2024. As Phil Aspin was an executive director when the awards were granted in 2021, his awards will normally vest following an additional holding period so that the overall vesting period is at least five years from the grant date, and the unvested shares will remain subject to withholding provisions during this two-year holding period. Louise Beardmore was not an executive director when her award was granted and so in line with the remuneration policy this historic award will vest once the final outcome is confirmed. Under the shareholding guidelines she will be required to hold the vesting shares (on a net of tax basis).

The 2021 LTP awards were based 50 per cent on a basket of customer and environmental measures and 50 per cent on return on regulated equity (RoRE). The basket of measures comprised ten metrics selected to reflect customer priorities, demonstrate our focus on customer delivery and recognise stakeholder expectations with regard to ESG matters.

Performance against many of the measures has been strong as shown in the table below. Note that the final outcome for some of the measures in the basket of customer and environmental measures will not be known until all relevant information is available, expected in summer 2024.

The LTP outcomes for the executive directors in respect of 2023/24 have been paid by UU PLC.

Performance measure	Weighting	Threshold (25% vesting)	Stretch (100% vesting)	Actual[1]	Vesting as a % of max	Outcome
Return on Regulated Equity (RoRE)						
Average RoRE compared to the average allowed return set by the regulator across the three-year performance period	50.0%	Equal to the average of Ofwat's allowed RoRE over the three financial years of the performance period	1.5% (or more) above the average of Ofwat's allowed RoRE over the three financial years of the performance period	Average RoRE of 9.09% was 5.12% above the average allowed return	100%	Paid by UU PLC
Basket of customer and environmental measures						
C-MeX ranking out of all of the other water companies[3]	5.0%	Ranked 8th position	Ranked 4th position (or better)	6th position	62.5%	Paid by UU PLC
Water poverty[3]	5.0%	64,300 customers have been lifted out of water poverty	83,900 (or more) customers have been lifted out of water poverty	84,060	100%	Paid by UU PLC
Priority Services[3]	5.0%	No threshold target. Stretch target must be achieved for any vesting on this measure	6.3% (or more) of customers are listed on the Priority	12.4%	100%	Paid by UU PLC
Sewer flooding incidents[3]	5.0%	A combined total of 26.38 sewer flooding incidents per 10,000 connected properties	A combined total of 19.89, or fewer, sewer flooding incidents per 10,000 connected properties	24.81	43.1%	Paid by UU PLC

Statement of directors' remuneration and standards of performance

Pollution incidents[3]	5.0%	22.40 pollution incidents per 10,000km of our wastewater network	12.21 (or fewer) pollution incidents per 10,000km of our wastewater network	27.93	0.0%	Paid by UU PLC
Treatment works compliance[4]	5.0%	97.9% compliance	99.0% (or greater) compliance	98.97%	98.0%	Paid by UU PLC
Water quality contacts[4]	5.0%	13.5 customer contacts per 10,000 customers	12.0 (or fewer) customer contacts per 10,000 customers	13.2	40.0%	Paid by UU PLC
Leakage[3]	5.0%	A three-year average of 97.7 megalitres of leakage per 10,000km of our water network per day	A three-year average of 94.3 megalitres (or less) of leakage per 10,000km of our water network per day	97.1	38.2%	Paid by UU PLC
Compliance risk index (CRI)[4]	5.0%	CRI score of 3.27	CRI score of 2.00 (or less)	Estimate: 6.0	0.0%	Paid by UU PLC
The Environment Agency's Environmental Performance Assessment (EPA) rating[6]	5.0%	3 star rating	4 star rating	Estimate: 4 star rating	100%	Paid by UU PLC
Overall underpin Overall vesting is subject to the committee being satisfied that the company's outcome performance on these measures is consistent with underlying business performance and that the company's dividend policy has been delivered in respect of each financial year of the performance period.			**✓ Assumed met** Details of the committee's preliminary assessment on the alignment of the vesting outcome to the underlying performance of the business is set out in the introductory statement from the Chair of the committee. The committee will make a final assessment of the company's performance once the outcome of the customer basket of measures is known.			

(1) Straight-line vesting applies between the threshold and stretch targets, with nil vesting below threshold performance.

(2) The customer basket of measures is based on the performance commitment definitions as per the AMP7 final determination.

(3) Outcome based on performance in respect of the financial year ending 31 March 2024 as published in our own and/or the other water companies' annual performance reports for 2023/24.

(4) Outcome based on performance in respect of the calendar year ending 31 December 2023 as published in our own Annual Performance Report for 2023/24.

(5) Outcome based on performance in respect of the calendar year ending 31 December 2023 as published in the Drinking Water Inspectorate's published report in 2024.

(6) Outcome based on performance in respect of the calendar year ending 31 December 2023 as published in the Environment Agency's published report in 2024.

Franklaw and Broughton investigation outcome

The Committee also considered the August 2023 outcome of the prosecution in relation to historic offences of over abstraction from the boreholes group at Franklaw and Broughton, which had been first identified in 2018/19 before the current directors were in role (see page 138 for further details within the Dividend Policy). No new information was contained in the final judgement that had not previously been known, and the associated costs had already been reflected in the underlying operating profit performance applicable to bonus outcomes in relevant years. On that basis, and noting that other recent performance-related pay outcomes for the former CEO had already been reduced compared to his entitlement, the Committee determined that there was no reason to take any other action in relation to the matter.

Performance-related pay in 2024/25

The performance measures used in our performance-related pay schemes during 2024/25 will remain closely aligned with our strategic priorities, and focused on delivery for our stakeholders. As in recent years, across both of our incentive schemes there will be a material weighting linked to delivery for customers, and at least 30 per cent will be based on measures which relate to our environmental performance, as a further demonstration of our ongoing commitment to improving performance in this important area.

As always, the committee has the discretion to override formulaic incentive outcomes by exercising discretion on outcomes if deemed necessary, including by taking account of overall performance through our various stakeholder lenses. Any performance-related pay outcomes that the executive directors receive in respect of the year will not be paid for by customers of UUW.

Statement of directors' remuneration and standards of performance

Annual bonus for 2024/25

The maximum bonus opportunity for the year commencing 1 April 2024 will be unchanged at 130 per cent of base salary. The measures used in our annual bonus arrangements for executive directors to date already demonstrate significant alignment to stakeholder interests, but for 2024/25 we have decided to introduce two new measures as summarised below:

Measure	Why it's being introduced
Serious pollution incidents	Protecting and improving the environment is a priority for the company, and minimising the extent to which our operations might cause pollution is a crucial part of this. Having listened to feedback from regulators and other stakeholders we have decided to introduce this new measure which is based on the number of serious pollution incidents that occur during the year.
Delivery of our Health and Safety improvement plan	We are committed to improving health and safety performance, and driving a safety and a more caring culture to ensure our people get home safe and well. This new measure is based on the delivery of our health and safety improvement programme, which is comprised of three key pillars: personal safety; process safety; and occupational health and wellbeing.

The table below summarises the measures, weightings and targets for the 2024/25 bonus. As in recent years, 75 per cent of the annual bonus is based on delivery for customers, and almost half of the overall bonus (around 47 per cent) is based on measures linked to reducing pollution, spills, or other aspects of environmental performance. Targets that are considered commercially sensitive will be disclosed retrospectively in the 2024/25 annual report on remuneration.

Measure	Weighting	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)
Underlying operating profit[1]	25.0%	Commercially sensitive		
Reducing pollution and enhancing outcomes for customers and the environment				
Environmental, water and customer delivery incentives[2]	25.0%	Commercially sensitive		
Serious pollution incidents[3]	10.0%	2	1	0
Better Rivers commitments: Reduction of reported storm overflow activations	7.5%	2,000 fewer spills	6,000 fewer spills	10,000 fewer spills
Better Rivers commitments: % of 2024/25 programme milestones delivered[4]	7.5%	90.0%	95.0%	100%
Capital programme delivery incentive (CPDi)[5]	10.0%	90.0%	93.0%	96.0%
Customer service in year:				
C-Mex ranking out of the 17 water companies	5.0%	7th	6th	5th
Water quality contacts (due to appearance)	5.0%	5,400	5,200	5,000
Looking after our people				
Delivery of health and safety improvement programme milestones	5.0%	90.0%	95.0%	100%

(1) Underlying operating profit for bonus purposes excludes infrastructure renewals expenditure and property trading.

(2) Around half of this measure is related to environmental performance.

(3) The number of category 1 or 2 incidents occurring during the calendar year 2024 using the Environment Agency's definitions. When assessing the outcome the committee will consider the context of any incident, including the likely cause and extent to which the company was responsible for its occurrence.

(4) Based on performance during calendar year 2024 compared to 2023.

(5) CDPi is an internal measure assessing the extent to which we deliver capital projects on time, to budget and to the required quality standard. A higher percentage represents better performance. Around 90 per cent of the measure is related to environmental performance.

In line with policy, the executive directors will be required to defer at least 50 per cent of any bonus received into shares and these only become available after a period of three years. This provides the committee with time to consider and respond appropriately to any matters that were not known at the end of the relevant performance period but become apparent during the deferral period. This could include the use of the withholding and recovery provisions.

2024 LTP awards with a performance period ending 31 March 2027

Consistent with the approach since 2020, the awards will be based on Return on Regulated Equity and a basket of customer and environmental measures, with each component being equally weighted at 50 per cent. The award level for executive directors will remain unchanged at 130 per cent of base salary and the performance period for the awards will be 1 April 2024 to 31 March 2027.

As we await the publication of Ofwat's draft determination on the company's draft business plan for the next regulatory period, the committee has decided to wait until later in the summer to grant the awards to so that the precise measures and stretching targets can be well-aligned with the proposed plan. We will publish details of the measures and targets at the point of grant, and currently expect at least 30 per cent of the overall award to relate to environmental performance, including measures that are within scope of our key regulators.

Ring-Fencing Certificate

Ring-Fencing Certificate (RFC) under paragraph P31 of condition P of the company's instrument of appointment

In the opinion of the Board of United Utilities Water:

1. United Utilities Water Limited will have available to it sufficient financial resources and facilities to enable it to carry out the Regulated Activities, for at least the next twelve months;
2. United Utilities Water Limited will have available to it sufficient management resources and systems of planning and internal control to enable it to carry out the Regulated Activities, for at least the next twelve months;
3. United Utilities Water Limited has available to it sufficient rights and resources other than financial resources, as required by paragraph P14 of the company's instrument of appointment; and
4. All contracts entered into between United Utilities Water Limited and any Associated Company include the necessary provisions and requirements in respect of the standard of service to be supplied to United Utilities Water Limited, to ensure that it is able to carry out the Regulated Activities.

Statement under paragraph P34 of condition P of the instrument of appointments

In providing this opinion under paragraph P31 of the Licence, the Directors have considered many factors, which fully incorporate the 28 factors listed by Ofwat in Information Notice IN20/01 as the minimum factors to consider.

Senior management from the relevant business areas provide confirmation, along with supporting documentation, for each factor listed. The RFC is presented to the Compliance Committee, a sub committee of UUG Board, for review and scrutiny ahead of Board approval. In accordance with Condition P36 the company's instrument of appointment, UUW engaged with KPMG to examine the RFC in conjunction with the completion of their audit of the Regulatory Accounting Statements within the Company's regulatory accounts for the year ended 31 March 2024. KPMG presented a report to the UUW board stating whether they were aware of any inconsistencies between the RFC and their findings arising from their audit or any information they obtained in the course of their work as the company's auditor. A copy of KPMG's RFC report is included in appendix 1 on page 231.

The list of factors considered, include, but is not limited to:

Financial resources and facilities	• UUW's financial position at 31 March 2024 as represented by the statutory and regulatory accounts. • UUW's IFRS pension surplus of £195m, fully-funded on a low dependency basis. • UUW's projected cash flows as represented by the business plan, budget and treasury funding plan, which incorporates the estimated impact of current market conditions. • UUW's expected performance against the 2020–25 Final Determination, underpinned by its historical track record. • UUW's current liquidity position with £1,811m of available liquidity at March 2024. • UUW's capital solvency position with a net debt to RCV gearing ratio of 67% as at March 2024. • UUW's robust credit rating position with unsecured senior debt ratings of Moody's A3; S&P BBB+ and Fitch A-, with all ratings on stable outlook. • UUW's compliance with its financial covenants. • UUW's long-term viability statement of seven years, included within the 2023/24 APR. • UUW's dividend policy, which takes into account financial resilience and consideration of business performance, customers and employees.
Management resources	• A capability audit forms the basis of broad recruitment plans, ensures the right supply of management skills, experience, qualifications and capabilities to respond to the needs of the business. • High colleague engagement, evidenced by scores regularly above the UK norm and Utilities Norm with a healthy response rate of 88%, supporting colleague retention and wellbeing. The 2024 opinion survey scores exceeded or met all external benchmarks. • Succession plan maintained for all executive directors and team, including outline timescales. • Training and personal development programmes exist for all colleagues, enabling the development and competence of key skills for colleagues. • Board appointments and succession planning overseen by Nomination Committee (100% non-executive directors), applying board diversity policy to ensure balance of experience, skills and perspectives, including the recent board appointments. • Equality and diversity policy and action plan supports our intention of providing equality for all our colleagues in a diverse working environment. • The strategy of the company set by the board, including the company's approach to business planning, risk management and the development of policies including health and safety. • Non-executive directors considered to be independent when assessed against Provision 10 of the 2018 UK Corporate Governance Code and in accordance with the relevant Board Leadership, Transparency and Governance (BLTG) objectives and provisions. • The chairman was independent on appointment when assessed against Provision 10 and in accordance with the relevant BLTG objectives and provisions.

Ring-Fencing Certificate

Systems of planning and internal control	• Established risk and resilience management framework including the governance and reporting structure. • Biannual board review of the principal risk and uncertainties facing the business and mitigating controls. • Board supported by the Group Audit and Risk Board (GARB) which review and monitor compliance with governance processes, risk management and the internal control framework. • Operational controls relating in particular to asset health, operational hazard and long-term resilience and compliance control to managing environmental performance and regulatory compliance managed through the business quality and environmental management system certified to ISO 9001 and ISO 14001. • UUG Audit Committee approves annual internal audit plan of work, underpinned by five-year strategic plan, with findings reported back to them. • Business continuity system aligned to International standards best practice, with plans addressing loss of buildings, people, systems and key services and updated to reflect our enhanced ability to support remote working for office staff. • Security policy framework to help mitigate cyber risk and ensure data and technology assets are not compromised, including robust controls reflecting multiple sources of threat intelligence, employee training and awareness, and oversight by the GARB. • Policies to prevent unethical behaviours including an anti-fraud policy, anti-bribery and corruption policy, whistleblowing policy, modern slavery act policy and security policy, supported by an independently provided, confidential, whistleblowing hotline. • Dedicated colleague voice panel sponsored by Non Exec Director Alison Golligher enabling the Board to have a close and regular check in with colleagues and a clear temperature check of the colleague voice. • Published assurance framework used to support assurance statements supporting key regulatory submissions. • Compliance working group actively maintains a log of key obligations that are referred to within the risk and compliance statement, with each obligations linked policy having a senior named owner.
Rights and resources other than financial resources	• Clear purpose to provide great water for a stronger, greener and healthier North West. • Underpinned by our core values to do the right thing; make it happen; be better, and our strategic themes to improve our rivers; create a greener future; provide a safe and great place to work; deliver great service for all customers; spend customers' money wisely; and contribute to our communities. • Committed to a long term strategy, embracing systems approach to how we run our service, certified to the international standard for asset management ISO55001. • Monitoring and control technology systems cover real-time monitoring of our water and wastewater systems, ensuring continuing operations. • Key policies encouraging an integrated and consistent approach, including policies on Risk Management, Asset Management and the Environment. • Well-established approach to water production planning with real-time central tracking of site production capacities and water demand forecasting. • Comprehensive asset maintenance plans, developed on a risk basis with high criticality assets receiving additional preventative maintenance activities. • Operational insurance policies protect against material financial loss on insurable risks, supplemented by appropriate levels of self-insurance ensuring ongoing focus on internal-risk management. • 'Better Rivers: Better North West' programme, supported by the accelerated infrastructure delivery project, to significantly reduce storm overflow activations and improve river health across the region, ensuring new environmental targets are achieved.
Contracting	• Major contracts, typically 5+ years, completed with financial robust organisations which have been thoroughly tested through our procurement processes, with flexibility to use alternative suppliers to ensure continuous service. • In line with UUW's transfer pricing policy, all intercompany trading relationships must have a contract in place with defined Service Level Agreements (SLAs). • Transactions between the appointee and any associated company are completed at arm's length in accordance with UUW's transfer pricing policy and Licence Condition P19. • The APR includes a list of all transactions between the appointee and associated companies in line with RAG 3.14. • No guarantees or cross-default obligations have been given without Ofwat's written consent.
Material issues or circumstances	Whilst these matters are significant, we remain of the opinion that the likelihood of a material adverse impact on the financial position due to them is remote based on the facts currently known to us, but the following cases remain worthy of note: • We remain subject to two separate but related national/industry wide investigations (one by each of Ofwat and the Environment Agency) in relation to discharges, and the implications may only be known at their conclusion. • We are also engaged in litigation relating to the Manchester Ship Canal Company (MSCC). A hearing was held in the Court of Appeal in 2022 and the main additional points raised by MSCC were dismissed, although MSCC were granted leave to appeal the Supreme Court. The final appeal was heard in early March 2023 and the Court's decision is awaited. This may provide further clarity in relation to the rights and remedies afforded to the parties and others in relation to discharges by water companies into the canal and other watercourses. • Collective proceedings in the Competition Appeal Tribune (CAT) were issued on 8 December 2023 against UUW and United Utilities Group PLC on behalf of approximately 5.6 million domestic customers following an application by the Proposed Class Representative, Professor Carolyn Roberts. It is alleged that customers have collectively paid an overcharge for sewerage services during the claim period (which runs from 1 April 2020 and may continue into the early years of the PR24 period) as a result of UUW allegedly abusing a dominant position by allegedly providing misleading information to regulatory bodies. A hearing is currently scheduled in late September 2024 to deal with certification of the claim and any possible preliminary issue or strike out arguments in respect of the claim. UUW believes the claim is without merit and will defend it robustly. Similar claims have also been issued and served against five other water and wastewater companies.

This certificate was approved by the board and signed on its behalf by:

Phil Aspin

Phil Aspin
Chief Financial Officer
28 June 2024

An extract from the Board minutes evidencing that the Board approved the RFC and delegated authority to sign the certificate to any one director can be found in appendix 2.

Pro forma tables in sections 3 to 11

This section of the UUW annual performance report provides a copy of the pro forma tables in sections 3 to 11, that Ofwat requires all companies to publish, that have not been subject to financial audit opinion. The information within theses tables has been subject to detailed governance and assurance by either KPMG or Jacobs (our non-financial auditor), with the nature and findings of the assurance being set out in appendix 1 Assurance summary and findings.

The list of data tables is shown below:

Section 3: Performance Summary	
Pro forma 3A	Outcome performance – water performance commitments (financial) (some redacted information)
Pro forma 3B	Outcome performance – wastewater performance commitments (financial) (some redacted information)
Pro forma 3C	Customer measure of experience (C-MeX) table
Pro forma 3D	Developer services measure of experience (D-MeX) table
Pro forma 3E	Outcome performance – non-financial performance commitments
Pro forma 3F	Underlying calculations for common performance commitments – water and retail
Pro forma 3G	Underlying calculations for common performance commitments – wastewater
Pro forma 3H	Summary information on outcome delivery incentive payments
Pro forma 3I	Supplementary outcomes information

Section 4: Additional regulatory information – service level	
Pro forma 4A	Water bulk supply information
Pro forma 4B	Analysis of debt – omitted from inclusion within regulatory accounts due to size in adherence with RAG 3.13 Section 2.7. The table is submitted to Ofwat separately, and published on the company website
Pro forma 4C	Impact of price control performance to date on RCV
Pro forma 4D	Totex analysis – water resources and water network+
Pro forma 4E	Totex analysis – wastewater network+ and bioresources
Pro forma 4F	Major project expenditure for wholesale water by purpose
Pro forma 4G	Major project expenditure for wholesale wastewater by purpose
Pro forma 4H	Financial metrics
Pro forma 4I	Financial derivatives
Pro forma 4J	Base expenditure analysis – water resources and water network+
Pro forma 4K	Base expenditure analysis – wastewater network+ and bioresources
Pro forma 4L	Enhancement expenditure analysis – water resources and water network+
Pro forma 4M	Enhancement expenditure analysis – wastewater network+ and bioresources
Pro forma 4N	Developer services expenditure – water resources and water network+
Pro forma 4O	Developer services expenditure – wastewater network+ and bioresources
Pro forma 4P	Expenditure on non-price control diversions
Pro forma 4Q	Developer services – new connections, properties and mains
Pro forma 4R	Connected properties, customers and population
Pro forma 4S	Green Recovery expenditure – water resources and water network+
Pro forma 4T	Green Recovery expenditure – wastewater network+ and bioresources
Pro forma 4U	Impact of Green Recovery on RCV
Pro forma 4V	Mark-to-market of financial derivatives analysed based on payment dates
Pro forma 4W	Defined benefit pensions scheme - additional information
Pro forma 4X	Accelerated infrastructure delivery project expenditure - water resources and water network+
Pro forma 4Y	Accelerated infrastructure delivery project expenditure - wastewater network+ and bioresources

Section 5: Additional regulatory information – water resources	
Pro forma 5A	Water resources asset and volume data
Pro forma 5B	Water resources operating cost analysis

Section 6: Additional regulatory information – water network+	
Pro forma 6A	Raw water transport, raw water storage and water treatment
Pro forma 6B	Treated water distribution – assets and operations
Pro forma 6C	Water network+ – Mains, communication pipes and other data

Pro forma tables in sections 3 to 11

Pro forma 6D	Demand management – Metering and data leakage activities
Pro forma 6F	WRMP annual reporting on delivery – non-leakage activities
Section 7: Additional regulatory information – wastewater network+	
Pro forma 7A	Wastewater network+ – Functional expenditure
Pro forma 7B	Wastewater network+ – Large sewage treatment works. The table is submitted to Ofwat separately, and published on the company website
Pro forma 7C	Wastewater network+ – Sewer and volume data
Pro forma 7D	Wastewater network+ – Sewage treatment works data
Pro forma 7E	Wastewater network+ – Other data including energy consumption and scheme delivery
Pro forma 7F	Wastewater network+ – WINEP phosphorus removal scheme costs and cost drivers. The table is submitted to Ofwat separately, and published on the company website
Section 8: Additional regulatory information – wastewater network+	
Pro forma 8A	Bioresources sludge data
Pro forma 8B	Bioresources operating expenditure analysis
Pro forma 8C	Bioresources energy and liquors analysis
Pro forma 8D	Bioresources sludge treatment and disposal data
Section 9: Additional regulatory information – innovation competition	
Pro forma 9A	Innovation competition
Section 10: Additional regulatory information – Green Recovery	
Pro forma 10A	Green Recovery data capture
Pro forma 10B	Water common performance commitments relevant to Green Recovery
Pro forma 10C	Wastewater common performance commitments relevant to Green Recovery
Pro forma 10D	Bespoke performance commitments relevant to Green Recovery
Pro forma 10E	Green Recovery data capture reconciliation model input
Pro forma 10F	Additional reporting to account for impacts of the accelerated infrastructure delivery projects
Pro forma 10G	Additional reporting to account for impacts of transition expenditure
Pro forma 10H	Accelerated schemes data capture reconciliation model input
Section 11: Operational greenhouse gas emissions reporting	
Pro forma 11A	Greenhouse gas emissions reporting

Commentary is also provided for tables 3A–3I, 4A, 4F, 4G, 4L, 4M, 4Q–4U, 5A–5B, 6A–6F, 7A–7F, 8A–8D, 9A, 10A–10H and 11A within the supporting commentary document which is published on our website.

Section 3 Performance summary

Pro forma 3A

Outcome performance – water performance commitments (financial)

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	Outperformance or underperformance payment £m	Forecast of total 2020-25 outperformance or underperformance payment £m	RAG 4 reference
Common PCs - Water (Financial)								
Water quality compliance (CRI)	PR19UUW_A01-CF	number	2	5.92	No	-4.410		3A.1
Water supply interruptions	PR19UUW_B03-WN	hh:mm:ss	0	00:09:39	No	-4.000		3A.2
Leakage	PR19UUW_B01-WN	%	1	7.1	Yes	0.350		3A.3
[For use by NES and SSC only]								3A.3
Per capita consumption	PR19UUW_B05-WN	%	1	2.5	No	0.000		3A.4
[For use by SSC only]								3A.4
Mains repairs	PR19UUW_B02-WN	number	1	105.7	Yes	1.214		3A.5
Unplanned outage	PR19UUW_B04-CF	%	2	2.05	Yes	0.000		3A.6
Bespoke PCs - Water and Retail (Financial)								
Reducing water quality contacts due to taste, smell and appearance	PR19UUW_A02-WN	nr	1	13.2	Yes	0.623		3A.7
Number of properties with lead risk reduced	PR19UUW_A03-WN	nr	0	3,842	Yes	3.463		3A.8
Helping customers look after water in their home	PR19UUW_A04-WN	%	1	34.3	Yes	1.920		3A.9
Reducing discolouration from the Vyrnwy treated water aqueduct	PR19UUW_A05-WN	nr	2	35.19	Yes	19.284		3A.10
Reducing areas of low water pressure	PR19UUW_B07-WN	nr	3	0.361	Yes	0.089		3A.11
Water service resilience	PR19UUW_B08-WN	nr	0	3,249	Yes	6.955		3A.12
Manchester and Pennine resilience	PR19UUW_B09-DP	control	0	0	No	0.000		3A.13
Keeping reservoirs resilient	PR19UUW_B10-WR	risk	5	3.61895	Yes	0.000		3A.14
Thirlmere transfer into West Cumbria (AMP7)	PR19UUW_B11-WN	%	0	100	Yes	0.000		3A.15
Abstraction incentive mechanism	PR19UUW_C03-WR	Ml	1	0.0	Yes	0.000		3A.16
Improving the water environment	PR19UUW_C04-WR	nr	0	102	Yes	0.000		3A.17
Number of customers lifted out of water poverty	PR19UUW_E01-HH	nr	0	84,060	Yes	2.823		3A.18
Voids	PR19UUW_E10-HH	%	2	3.70	Yes	10.303		3A.19
Non-household vacancy incentive scheme	PR19UUW_E03-CF	nr	0	7,109	Yes	0.967		3A.20
Gap sites (Wholesale)	PR19UUW_E04-CF	nr	0	1,144	Yes	0.350		3A.21
Gap sites (Retail)	PR19UUW_E05-HH	nr	0	6,528	Yes	0.085		3A.22
Successful delivery of direct procurement of Manchester and Pennine resilience	PR19UUW_E07-DP	nr	0	0	No	0.000		3A.23
DPC: Pre-procurement Incentive for the Haweswater Aqueduct Resilience Programme	PR19UUW_HWDPC-WN	£m	0	0	Yes	0.000		3A.24
Financial water performance commitments achieved		%	0		79			3A.27
Overall performance commitments achieved (excluding C-MEX and D-MEX)		%	0		79			3A.28

Lines 3A.25 -3A.26 are unused freeform lines.

Section 3 Performance summary

Pro forma 3B

Outcome performance – wastewater performance commitments (financial)

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	Outperformance or underperformance payment £m	Forecast of total 2020-25 outperformance or underperformance payment £m	RAG 4 reference
Common PCs - Wastewater (Financial)								
Internal sewer flooding	PR19UUW_G02-WWN	Number of internal sewer flooding incidents per 10,000 sewer connection	2	4.35	No	-14.582		3B.1
Pollution incidents	PR19UUW_C01-WWN	Pollution incidents per 10,000 km of sewer length	2	27.93	No	-5.043		3B.2
Sewer collapses	PR19UUW_F01-WWN	Number of sewer collapses per 1,000 km of all sewers	2	13.01	Yes	0.000		3B.3
Treatment works compliance	PR19UUW_C02-CF	%	2	98.97	No	-0.046		3B.4
Bespoke PCs - Wastewater (Financial)								
Improving river water quality	PR19UUW_C05-WWN	nr	0	0	Yes	0.000		3B.5
Protecting the environment from the impact of growth and new development	PR19UUW_C06-WWN	nr	0	55,135	Yes	0.000		3B.6
Enhancing natural capital value for customers	PR19UUW_C08-CF	£m	3	0.778	Yes	0.389		3B.7
Recycling biosolids	PR19UUW_C09-BR	%	2	100.00	Yes	1.500		3B.8
Better air quality	PR19UUW_C10-BR	nr	2	0.96	Yes	1.237		3B.9
Sewer blockages	PR19UUW_F02-WWN	nr	0	17,986	Yes	2.338		3B.10
External flooding Incidents	PR19UUW_G03-WWN	nr	0	7,063	No	-6.163		3B.11
Raising customer awareness to reduce the risk of flooding	PR19UUW_G04-WWN	%	1	48.1	Yes	3.449		3B.12
Hydraulic internal flood risk resilience	PR19UUW_G05-WWN	nr	2	39.57	Yes	7.250		3B.13
Hydraulic external flood risk resilience	PR19UUW_G06-WWN	nr	2	177.47	Yes	0.439		3B.14
Financial wastewater performance commitments achieved		%			71			3B.19

Lines 3B.15 – 3B.18 are unused freeform lines.

Section 3 Performance summary

Pro forma 3C
Customer measure of experience (C-MeX) table

Keys to cells

Input cell
Calculation cell
Copy cell

Item	Unit	Value	RAG 4 reference
Annual customer satisfaction score for the customer service survey	Number	78.26	3C.1
Annual customer satisfaction score for the customer experience survey	Number	78.33	3C.2
Annual C-MeX score	Number	78.30	3C.3
Annual net promoter score	Number	19.00	3C.4
Total household complaints	Number	21,437	3C.5
Total connected household properties	Number	3,371,871	3C.6
Total household complaints per 10,000 connections	Number	63.576	3C.7
Confirmation of communication channels offered	TRUE or FALSE	TRUE	3C.8

Section 3 Performance summary

Keys to cells

Input cell
Calculation cell
Copy cell

Pro forma 3D

Developer services measure of experience (D-MeX) table

Item	Unit	Value	RAG 4 reference
Qualitative component annual results	Number	81.04	3D.1
Quantitative component annual results	Number	99.84	3D.2
D-MeX score	Number	90.44	3D.3
Developer services revenue (water)	£m	25.275	3D.4
Developer services revenue (wastewater)	£m	8.172	3D.5

Calculating the D-MeX quantitative component				
Water UK performance metric	Unit	Reporting period (1 April to 31 March)	Quantitative score (annual)	RAG 4 reference
S1.1 Pre-development enquiry – reports issued within target	%	99.62%		3D.W1
S3.1 Sewer requisition design – offers issued within target	%	100.00%		3D.W2
S4.1 Sewer requisition – constructed and commissioned within agreed extension	%			3D.W3
S7.1 Adoption legal agreement – draft agreements issued within target	%			3D.W4
SAM - 3/1 Execute Adoption Agreement (Stage 3) – Sewerage Company – SAM – 3/1 – Update draft Agreement	%	100.00%		3D.W5
SAM - 4/1 Customer notifies of construction start date and requests inspections (Stage 4) – Sewerage Company – SAM – 4/1 Inspections & construction period	%	100.00%		3D.W6
SLPM - 2/2b Design Self-Laid Main (Stage 2) – Water Company – SLPM - S2/2b – Water Company to Provide design acceptance	%	99.53%		3D.W7
SLPM – S1/2 POC (Stage 1C) – Water Company – SLPM – S1/2 – Review PoC proposal	%	99.76%		3D.W8
SLPM - S2/2a Design Self-Laid Main (Stage 2) – Water Company – SLPM - S2/2a – Provide design	%			3D.W9
SLPM – S3 Execute Water Adoption Agreement (Stage 3) – Water Company – SLPM – S3 – Review / revise Water Adoption Agreement	%	99.53%		3D.W10
SLPM – S4/1 Delivery Date (Stage 3 / 4) – Water Company – SLPM – S4/1 – Source of Water Delivery Date	%	100.00%		3D.W11
SLPM – S5/1a Connect Self-Laid Main – (Stage 5) – Water Company – SLPM – S5/1a – Review request and carry out Final Connection	%	100.00%		3D.W12
SLPM – S7/1 Make Service Connections (Stage 7 – Part 2) – Water Company – SLPM – S7/1 – Validate notification and provide consent to progress with connection	%	98.57%		3D.W13
SN2.2 % Bulk discharge offer letters issued to the applicant within target period	%	100.00%		3D.W14
SN4.1 % of main laying schemes constructed and commissioned within the target period	%			3D.W15
W1.1 Pre-development enquiry – reports issued within target	%	99.72%		3D.W16
W17.1 Mains diversions (without constraints) - quotations within target	%	100.00%		3D.W17
W17.2 Mains diversions (with constraints) - quotations within target	%	100.00%		3D.W18
W18.1 Mains diversions - construction/commissioning within target	%	100.00%		3D.W19
W20.1 Self-lay Point of Connection report < 500 plots etc - reports issued within target	%			3D.W20
W21.1 Self-lay Point of Connection reports >500 plots etc - reports issued within target	%			3D.W21
W23.1 Sel-lay design and terms request <500 plots etc - quotations within target	%	100.00%		3D.W22
W24.1 Self-lay design and terms request >500 plots etc - quotations within target	%			3D.W23
W26.1 Self-lay water for pressure/bacteriological testing - provided within target	%			3D.W24
W27.1 Self-lay permanent water supply - provided within target	%			3D.W25
W3.1 s45 quotations - within target	%	100.00%		3D.W26
W30.1 Self-lay plot references and costing details - issued within target	%	100.00%		3D.W27
W4.1 s45 service pipe connections - within target	%	99.38%		3D.W28
W6.1 Mains design <500 plots - quotations within target	%	100.00%		3D.W29
W7.1 Mains design >500 plots - quotations within target	%	100.00%		3D.W30
W8.1 Mains construction within target	%	100.00%		3D.W31
WN1.1 % of confirmations issued to the applicant within target period	%	100.00%		3D.W32
WN2.2 % Bulk supply offer letters issued to the applicant within target period	%	100.00%		3D.W33
WN4.1 % of main laying schemes constructed and commissioned within the target period	%			3D.W34
WN4.2 % of testing supplies provided within target period	%	100.00%		3D.W35
WN4.3 % of permanent supplies made available within the target period	%			3D.W36
D-MeX quantitative score (for the reporting period)	%	99.84%		3D.7
D-MeX quantitative score (annual)	Number		1.00	3D.8

Lines 3D.W37 – 3D.W50 are unused freeform lines.

Section 3 Performance summary

Pro forma 3E

Non-financial performance commitments

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	RAG 4 reference
Common						
Risk of severe restrictions in a drought	PR19UUW_B06-CF	%	1	0.0	Yes	3E.1
Priority services for customers in vulnerable circumstances - PSR reach	PR19UUW_D03-HH	%	1	12.4	Yes	3E.2
Priority services for customers in vulnerable circumstances - Attempted contacts	PR19UUW_D03-HH	%	1	92.0	Yes	3E.3
Priority services for customers in vulnerable circumstances - Actual contacts	PR19UUW_D03-HH	%	1	53.0	Yes	3E.4
Risk of sewer flooding in a storm	PR19UUW_G01-WWN	%	2	14.20	Yes	3E.5
Bespoke PCs						
Street works performance	PR19UUW_D04-CF	%	2	11.11	No	3E.6
Priority Services- BSI accreditation	PR19UUW_D05-HH	text	0	maintained	Yes	3E.7
Systems thinking capability	PR19UUW_E06-CF	nr	0	2	Yes	3E.8
Customers say that we offer value for money	PR19UUW_E09-HH	%	0	79	Yes	3E.9
Non-financial performance commitments achieved		%			89	3E.29

Lines 3E.10 – 3E.28 are unused freeform lines.

Section 3 Performance summary

Pro forma 3F

Underlying calculations for common performance commitments – water and retail

Keys to cells

- Input cell
- Calculation cell
- Copy cell

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated (i.e. standardised)	RAG 4 reference
Performance commitments set in standardised units - Water						
Mains repairs - Reactive	Mains repairs per 1000 km	Mains length in km	43,032.27	1,821	42.32	3F.1
Mains repairs - Proactive	Mains repairs per 1000 km	Mains length in km	43,032.27	2,729	63.42	3F.2
Mains repairs	Mains repairs per 1000 km	Mains length in km	43,032.27	4,550	105.73	3F.3
Per capita consumption (PCC)	lpd	Total household population (000s) and household consumption (Ml/d)	7,181.63	992	138.20	3F.4

Line description	Unit	Performance level - actual (2017-18)	Performance level - actual (2018-19)	Performance level - actual (2019-20)	Baseline (average from 2017-18 to 2019-20)	Performance level - actual (2020-21)	Performance level - actual (2021-22)	Performance level - actual (2022-23)	Performance level - actual (2023-24)	Performance level - actual (2024-25)	Performance level 3 year average (current and previous 2 years)	Calculated performance level to compare against PCLs	RAG 4 reference
Performance commitments measured against a calculated baseline													
Leakage	Ml/d	449.4	452.0	439.8	447.1	424.7	413.9	423.0	408.6		415.2	7.1	3F.5
Per capita consumption (PCC)	lpd	143.6	144.4	144.0	144.0	151.2	143.0	140.0	138.2		140.4	2.5	3F.6

Line description	Unit	Standardising data indicator	Standardising data numerical value	Total minutes lost	Number of properties supply interrupted	Calculated performance level	RAG 4 reference
Water supply interruptions							
Water supply interruptions	Average number of minutes lost per property per year	Number of properties (thousands)	3,464.43	33454621	105,880	00:09:39	3F.7

Line description	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %	RAG 4 reference
Unplanned or planned outage				
Unplanned outage	3,370.62	68.96	2.05%	3F.8

Line description	Total residential properties (000s)	Total number of households on the PSR (as at 31 March)	PSR reach	Total number of households on the PSR over a 2 year period	Number of attempted contacts over a 2 year period	Attempted contacts %	Number of actual contacts over a 2 year period	Actual contacts %	RAG 4 reference
Priority services for customers in vulnerable circumstances									
Priority services for customers in vulnerable circumstances	3,254.07	401,987	12.4%	96,980	89,242	92.0%	51,384	53.0%	3F.9

Section 3 Performance summary

Pro forma 3G

Underlying calculations for common performance commitments – wastewater

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Unique reference	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual current reporting year	Calculated performance level	RAG 4 reference
Performance commitments set in standardised units							
Internal sewer flooding - customer proactively reported	PR19UUW_G02-WWN	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	3,469.34	1,190	3.43	3G.1
Internal sewer flooding - company reactively identified (ie neighbouring properties)	PR19UUW_G02-WWN	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	3,469.34	319	0.92	3G.2
Internal sewer flooding	PR19UUW_G02-WWN	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	3,469.34	1,509	4.35	3G.3
Pollution incidents	PR19UUW_C01-WWN	Pollution incidents per 10,000 km of sewer length	Sewer length in km	77,339.00	216	27.93	3G.4
Sewer collapses	PR19UUW_F01-WWN	Number of sewer collapses per 1,000 km of all sewers	Sewer length in km	79,141.00	1,030	13.01	3G.5

Section 3 Performance summary

Pro forma 3H

Summary information on outcome delivery incentive payments

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Initial calculation of performance payments (excluding CMEX and DMEX) £m (2017-18 prices)	RAG 4 reference
Initial calculation of in period revenue adjustment by price control		
Water resources	-0.40	3H.1
Water network plus	26.61	3H.2
Wastewater network plus	-11.39	3H.3
Bioresources (sludge)	2.76	3H.4
Residential retail	13.21	3H.5
Business retail	0.00	3H.6
Dummy control	0.00	3H.7
Initial calculation of end of period revenue adjustment by price control		
Water resources	0.00	3H.8
Water network plus	-3.38	3H.9
Wastewater network plus	0.79	3H.10
Bioresources (sludge)	0.00	3H.11
Residential retail	0.00	3H.12
Business retail	0.00	3H.13
Dummy control	0.00	3H.14
Initial calculation of end of period RCV adjustment by price control		
Water resources	0.00	3H.15
Water network plus	0.00	3H.16
Wastewater network plus	0.00	3H.17
Bioresources (sludge)	0.00	3H.18
Residential retail	0.00	3H.19
Business retail	0.00	3H.20
Dummy control	0.00	3H.21

Section 3 Performance summary

Pro forma 3I

Supplementary outcomes information

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %	RAG 4 reference
Unplanned or planned outage				
Planned outage	3,370.62	157.24	4.67%	3I.1

Line description	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk	RAG 4 reference
Risk of severe restrictions in drought							
Risk of severe restrictions in drought	1,905.96	102.90	1,723.17	111.93	7,595,617.99	0.00	3I.2

Line description	Total pe served	Total pe in excluded catchments	Percentage of total pe in excluded catchments	Total pe Option 1a	Percentage of total pe Option 1a	Total pe Option 1b	Percentage of total pe Option 1b	Vulnerability risk grade: Low	Medium	High	RAG 4 reference
								Percentage of total population served			
Risk of sewer flooding in a storm											
Risk of sewer flooding in a storm	7,719,028	128,924	1.67%	0	0.00%	7,590,104	98.33%	85.80%	10.09%	4.12%	3I.3

Line description	Number of patch repairs or relining undertaken on sewer and not included in reported sewer collapses.	RAG 4 reference
Sewer collapses		
Sewer collapses	575	3I.4

Section 4 Additional regulatory information – service level

Pro forma 4A

Water bulk supply information for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Volume	Operating costs	Revenue	RAG 4 reference
Units	Ml	£m	£m	
DPs	3	3	3	
Bulk supply exports				
Dwr Cymru Cyfyngedig - Heronbridge	2,193.697	0.179	0.285	4A.1
Hafren Dyfrdwy Cyfyngedig - Vyrnwy	-12.649	-0.012	-0.022	4A.2
Northumbrian Water Ltd - Raeygarth, Brampton	0.791	0.001	0.001	4A.3
Severn Trent Water Ltd - Congleton Edge	-4.773	-0.005	-0.008	4A.4
Severn Trent Water Ltd - Hayfield Road	-1.420	-0.001	-0.002	4A.5
Severn Trent Water Ltd - Llanforda	0.000	0.000	0.000	4A.6
Severn Trent Water Ltd - Sitch Lane	0.000	0.000	0.000	4A.7
ESP Water Ltd sites	3.950	0.003	0.006	4A.8
Icosa Water Services Ltd sites	101.326	0.077	0.140	4A.9
Independent Water Networks Ltd sites	45.172	0.035	0.067	4A.10
Leep Networks (Water) Ltd - Liverpool International Business Park	31.172	0.022	0.041	4A.11
Leep Networks (Water) Ltd - Liverpool John Lennon Airport	73.098	0.063	0.117	4A.12
Leep Networks (Water) Ltd - Media City	169.075	0.128	0.231	4A.13
Leep Networks (Water) Ltd - No.1 Old Trafford	26.017	0.020	0.036	4A.14
Leep Networks (Water) Ltd - Queen Street	16.436	0.012	0.023	4A.15
Leep Networks (Water) Ltd - additional sites	173.946	0.132	0.239	4A.16
Total bulk supply exports	2,815.838	0.653	1.153	4A.26

Line description	Volume	Operating costs	RAG 4 reference
Units	Ml	£m	
DPs	3	3	
Bulk supply imports			
Hafren Dyfrdwy Cyfyngedig - Farndon	13.091	0.007	4A.27
Northumbrian Water Ltd - Alston	236.388	0.255	4A.28
Severn Trent Water Ltd - Oven Hill Road	0.882	0.002	4A.29
Severn Trent Water Ltd - Roe Park	0.071	0.000	4A.30
Total bulk supply imports	250.432	0.264	4A.52

Lines 4A.17-4A.25 and 4A.31-4A.51 are unused freeform lines.

Section 4 Additional regulatory information – service level

Pro forma 4B

Analysis of debt

For the 12 months ended 31 March 2024

Omitted from inclusion within Regulatory Accounts due to size in adherence with RAG 3.14, Section 2.7. The table is submitted to Ofwat separately, and published on the company website www.unitedutilities.com/globalassets/documents/pdf/apr-tables-2024

Section 4 Additional regulatory information – service level

Pro forma 4C

Impact of price control performance to date on RCV

Keys to cells
- Input cell
- Calculation cell
- Copy cell

Line description	Units	DPs	12 months ended 31 March 2024: Water resources	12 months ended 31 March 2024: Water network plus	12 months ended 31 March 2024: Wastewater network plus	12 months ended 31 March 2024: Bioresources	Price control period to date: Water resources	Price control period to date: Water network plus	Price control period to date: Wastewater network plus	Price control period to date: Bioresources	RAG 4 reference
Totex (net of business rates, abstraction licence fees and grants and contributions)											
Final determination allowed totex (net of business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing)	£m	3	60.123	420.608	726.140	75.947	189.892	1,616.761	2,097.838	301.117	4C.1
Actual totex (excluding business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing)	£m	3	43.599	575.658	793.207	76.460	173.406	2,131.540	2,630.095	273.917	4C.2
Transition expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	15.423	9.422	0.000	4C.3
Disallowable costs	£m	3	0.895	1.526	4.320	0.000	3.512	8.550	4.800	0.006	4C.4
Total actual totex (net of business rates, abstraction licence fees and grants and contributions)	£m	3	42.703	574.132	788.886	76.460	169.894	2138.413	2634.718	273.911	4C.5
Variance	£m	3	-17.419	153.524	62.746	0.513	-19.999	521.652	536.880	-27.206	4C.6
Variance due to timing of expenditure	£m	3	-17.607	-24.218	-116.117	0.513	-20.714	280.243	234.646	-38.922	4C.7
Variance due to efficiency	£m	3	0.187	177.742	178.863	0.000	0.716	241.409	302.235	11.716	4C.8
Customer cost sharing rate - outperformance	%	2	50.00%	50.00%	50.00%	0.00%	50.00%	50.00%	50.00%	0.00%	4C.9
Customer cost sharing rate - underperformance	%	2	50.00%	50.00%	50.00%	0.00%	50.00%	50.00%	50.00%	0.00%	4C.10
Customer share of totex overspend	£m	3	0.094	88.871	89.432	0.000	0.358	120.705	151.117	0.000	4C.11
Customer share of totex underspend	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4C.12
Company share of totex overspend	£m	3	0.094	88.871	89.432	0.000	0.358	120.705	151.117	11.716	4C.13
Company share of totex underspend	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4C.14
Totex - business rates and abstraction licence fees											
Final determination allowed totex - business rates and abstraction licence fees	£m	3	41.330	56.027	24.689	7.234	151.212	204.980	90.328	26.465	4C.15
Actual totex - business rates and abstraction licence fees	£m	3	38.352	37.474	23.503	7.078	149.847	179.221	77.963	24.440	4C.16
Variance - business rates and abstraction licence fees	£m	3	-2.978	-18.552	-1.186	-0.156	-1.365	-25.759	-12.366	-2.025	4C.17
Customer cost sharing rate - business rates	%	2	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	4C.18
Customer cost sharing rate - abstraction licence fees	%	2	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	4C.19
Customer share of totex over/underspend - business rates and abstraction licence fees	£m	3	-2.234	-13.914	-0.889	-0.117	-1.023	-19.320	-9.274	-1.519	4C.20
Company share of totex over/underspend - business rates and abstraction licence fees	£m	3	-0.745	-4.638	-0.296	-0.039	-0.341	-6.440	-3.091	-0.506	4C.21
Totex not subject to cost sharing											
Final determination allowed totex - not subject to cost sharing	£m	3	22.738	35.004	0.716	0.000	44.805	119.466	2.635	0.000	4C.22
Actual totex - not subject to cost sharing	£m	3	11.224	28.612	8.815	0.049	25.593	107.907	11.985	0.148	4C.23
Variance - 100% company allocation	£m	3	-11.513	-6.392	8.098	0.049	-19.212	-11.559	9.350	0.148	4C.24
Total customer share of totex over/under spend	£m	3	-2.140	74.957	88.542	-0.117	-0.666	101.385	141.843	-1.519	4C.25
RCV											
Total customer share of totex over/under spend	£m	3	-2.140	74.957	88.542	-0.117	-0.666	101.385	141.843	-1.519	4C.26
PAYG rate	%	2	67.62%	74.61%	39.35%	57.34%	76.37%	70.34%	48.54%	53.95%	4C.27
RCV element of cumulative totex over/underspend	£m	3	-0.693	19.035	53.700	-0.050	-0.157	30.076	72.995	-0.699	4C.28
Adjustment for ODI outperformance payment or underperformance payment	£m	3					0.000	0.000	0.000	0.000	4C.29
Green recovery	£m	3					1.473	0.000	15.883		4C.30
RCV determined at FD at 31 March	£m	3					772.307	4125.224	8541.599	529.938	4C.31
Projected 'shadow' RCV	£m	3					773.623	4,155.300	8,630.476	529.238	4C.32

Table 4C apportions the customer share of totex overspend due to efficiency to the RCV. We believe that the shadow RCV should reflect accelerated/deferred spend in any given year in line with the PR19 cost reconciliation model which takes account of the timing of totex, and should adjust for the WINEP true up mechanism, the AMP8 Defra accelerated programme and AMP8 transitional expenditure. Correcting for this, the shadow RCV is higher at £14,226 million. Additionally, if we also included the full expected value of AMP7 ex-post adjustment mechanisms, adjusted RCV would be higher still at £14,664 million.

Section 4 Additional regulatory information – service level

Pro forma 4D

Totex analysis for the 12 months ended 31 March 2024 – water resources and water network+

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water resources	Network+ Raw water transport	Network+ Raw water storage	Network+ Water treatment	Network+ Treated water distribution	Total	RAG 4 reference
Operating expenditure									
Base operating expenditure	£m	3	73.386	18.268	1.505	122.131	237.030	452.319	4D.1
Enhancement operating expenditure	£m	3	1.493	0.000	0.000	0.450	2.066	4.009	4D.2
Developer services operating expenditure	£m	3	0.000	0.000	0.000	0.000	10.991	10.991	4D.3
Total operating expenditure excluding third party services	£m	3	74.878	18.268	1.505	122.581	250.086	467.319	4D.4
Third party services	£m	3	0.377	0.762	0.002	0.367	1.335	2.843	4D.5
Total operating expenditure	£m	3	75.255	19.030	1.507	122.947	251.422	470.162	4D.6
Grants and contributions									
Grants and contributions - operating expenditure	£m	3	0.000	0.000	0.000	0.000	10.221	10.221	4D.7
Capital expenditure									
Base capital expenditure	£m	3	5.252	1.369	0.000	109.908	28.338	144.868	4D.8
Enhancement capital expenditure	£m	3	12.784	1.381	0.000	4.661	81.998	100.825	4D.9
Developer services capital expenditure	£m	3	0.000	0.000	0.000	0.000	27.187	27.187	4D.10
Total gross capital expenditure excluding third party services	£m	3	18.036	2.751	0.000	114.569	137.524	272.879	4D.11
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.12
Total gross capital expenditure	£m	3	18.036	2.751	0.000	114.569	137.524	272.879	4D.13
Grants and contributions									
Grants and contributions - capital expenditure	£m	3	0.000	0.000	0.000	0.000	-3.491	-3.491	4D.14
Net totex	£m	3	93.291	21.781	1.507	237.516	382.215	736.310	4D.15
Cash expenditure									
Pension deficit recovery payments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.16
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.17
Totex including cash items	£m	3	93.291	21.781	1.507	237.516	382.215	736.310	4D.18

Line description	Units	DPs	Water resources	Network+ Raw water transport	Network+ Raw water storage	Network+ Water treatment	Network+ Treated water distribution	Total	
Atypical expenditure									
Item 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.19
Item 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.20
Item 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.21
Item 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.22
Item 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.23
Total atypical expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.24

Variance analysis of operating and capital expenditure compared to the prior year can be found in our 2023/24 accounting methodology statement, published on our website alongside the APR. (unitedutilities.com/globalassets/documents/pdf/rr24-accounting-methodology-statement)

Section 4 Additional regulatory information – service level

Pro forma 4E

Totex analysis for the 12 months ended 31 March 2024 – wastewater network+ and bioresources

Keys to cells

- Input cell
- Calculation cell
- Copy cell

Line description	Units	DPs	Network+ Sewage collection			Network+ Sewage treatment		Bioresources			Total	RAG 4 reference
			Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Imported sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal		
Operating expenditure												
Base operating expenditure	£m	3	92.917	54.023	21.060	211.194	4.821	14.290	22.500	10.835	431.640	4E.1
Enhancement operating expenditure	£m	3	8.425	2.494	0.958	7.108	0.000	0.398	0.000	0.059	19.443	4E.2
Developer services operating expenditure	£m	3	0.729	0.670	0.262	0.000	0.000	0.000	0.000	0.000	1.661	4E.3
Total operating expenditure excluding third party services	£m	3	102.071	57.187	22.280	218.302	4.821	14.688	22.500	10.893	452.743	4E.4
Total third party services	£m	3	0.373	0.089	0.121	0.187	0.004	0.012	0.026	0.010	0.821	4E.5
Total operating expenditure	£m	3	102.444	57.277	22.401	218.489	4.825	14.700	22.527	10.903	453.565	4E.6
Grants and contributions												
Grants and contributions - operating expenditure	£m	3	0.581	0.534	0.209	0.000	0.000	0.000	0.000	0.000	1.324	4E.7
Capital expenditure												
Base capital expenditure	£m	3	9.409	8.645	3.379	147.897	0.000	0.000	29.814	0.091	199.234	4E.8
Enhancement capital expenditure	£m	3	34.136	31.365	12.258	196.540	0.000	0.000	5.552	0.000	279.851	4E.9
Developer services capital expenditure	£m	3	5.586	5.133	2.006	0.000	0.000	0.000	0.000	0.000	12.725	4E.10
Total gross capital expenditure excluding third party services	£m	3	49.131	45.143	17.643	344.436	0.000	0.000	35.366	0.091	491.810	4E.11
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.12
Total gross capital expenditure	£m	3	49.131	45.143	17.643	344.436	0.000	0.000	35.366	0.091	491.810	4E.13
Grants and contributions												
Grants and contributions - capital expenditure	£m	3	3.192	2.933	1.146	0.000	0.000	0.000	0.000	0.000	7.272	4E.14
Net totex	£m	3	147.802	98.952	38.688	562.925	4.825	14.700	57.892	10.994	936.779	4E.15
Cash expenditure												
Pension deficit recovery payments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.16
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.17
Totex including cash items	£m	3	147.802	98.952	38.688	562.925	4.825	14.700	57.892	10.994	936.779	4E.18

Line description	Units	DPs	Network+ Sewage collection			Network+ Sewage treatment		Bioresources			Total	
			Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Imported sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal		
Atypical expenditure												
Fractured outlet pipe at Fleetwood (4E.1 base operating expenditure)	£m	3	6.159	5.654	2.217	23.598	0.000	0.000	0.000	0.000	37.628	4E.19
Item 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.20
Item 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.21
Item 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.22
Item 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.23
Total atypical expenditure	£m	3	6.159	5.654	2.217	23.598	0.000	0.000	0.000	0.000	37.628	4E.24

Variance analysis of operating and capital expenditure compared to the prior year can be found in our 2023/24 accounting methodology statement, published on our website alongside the APR. (unitedutilities.com/globalassets/documents/pdf/rr24-accounting-methodology-statement)

Section 4 Additional regulatory information – service level

Pro forma 4F

Major project expenditure for wholesale water by purpose for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	Dps	Expenditure in report year £m						Cumulative expenditure on incurred on schemes in £m						RAG 4 reference
				Water network+						Water network+					
			Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	
Major project capital expenditure by purpose															
Manchester & Pennine Resilience DPC	£m	3	0.000	0.000	0.000	0.000	6.086	6.086	0.000	0.000	0.000	0.000	52.279	52.279	4F.1
Water Trading - Joint Transfer	£m	3	1.196	0.000	0.000	0.000	0.000	1.196	5.277	0.000	0.000	0.000	0.000	5.277	4F.2
Water Trading - UU Sources	£m	3	2.926	0.000	0.000	0.000	0.000	2.926	5.252	0.000	0.000	0.000	0.000	5.252	4F.3
Water Trading - Vyrnwy Aqueduct	£m	3	2.380	0.000	0.000	0.000	0.000	2.380	6.168	0.000	0.000	0.000	0.000	6.168	4F.4
Capital expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.5
Capital expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.6
Capital expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.7
Capital expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.8
Capital expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.9
Capital expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.10
Total major project capital expenditure	£m	3	6.502	0.000	0.000	0.000	6.086	12.588	16.697	0.000	0.000	0.000	52.279	68.976	4F.11
Major project operating expenditure by purpose															
Operating expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.12
Operating expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.13
Operating expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.14
Operating expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.15
Operating expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.16
Operating expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.17
Operating expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.18
Operating expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.19
Operating expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.20
Operating expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.21
Total major project operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.22

Section 4 Additional regulatory information – service level

Pro forma 4G

Major project expenditure for wholesale wastewater by purpose for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

			Expenditure in report year £m									Cumulative expenditure incurred on schemes in £m									
			Wastewater network+					Bioresources				Wastewater network+					Bioresources				
			Sewage collection									Sewage collection									
Line description	Units	DPs	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	RAG 4 reference
Major project capital expenditure by purpose																					
Capital expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.1
Capital expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.2
Capital expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.3
Capital expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.4
Capital expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.5
Capital expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.6
Capital expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.7
Capital expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.8
Capital expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.9
Capital expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.10
Total major project capital expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.11
Major project operating expenditure by purpose																					
Operating expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.12
Operating expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.13
Operating expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.14
Operating expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.15
Operating expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.16
Operating expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.17
Operating expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.18
Operating expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.19
Operating expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.20
Operating expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.21
Total major project operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.22

There is no expenditure that meets the definition of a major project in wholesale wastewater, as per RAG 4.12 Section 16.1

Section 4 Additional regulatory information – service level

Pro forma 4H

Financial metrics for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Current year	AMP to date	RAG 4 reference
Financial indicators					
Net debt	£m	3	9357.207		4H.1
Regulatory equity	£m	3	4,611.860		4H.2
Regulatory gearing	%	2	66.99%		4H.3
Post tax return on regulatory equity	%	2	2.25%		4H.4
RORE (return on regulatory equity)	%	2	8.35%	7.87%	4H.5
Dividend yield	%	2	4.06%		4H.6
Retail profit margin - Household	%	2	0.30%		4H.7
Retail profit margin - Non household	%	2	0.00%		4H.8
Credit rating - Fitch	Text	n/a	BBB+ (Stable)		4H.9
Credit rating - Moody's	Text	n/a	A3 Stable		4H.10
Credit rating - Standard and Poor's	Text	n/a	BBB+ (Stable)		4H.11
Return on RCV	%	2	3.87%		4H.12
Dividend cover	dec	2	0.32		4H.13
Funds from operations (FFO)	£m	3	790.222		4H.14
Interest cover (cash)	dec	2	5.66		4H.15
Adjusted interest cover ratio (ACICR)	dec	2	1.30		4H.16
FFO/Net debt	dec	2	0.08		4H.17
Effective tax rate	%	2	-10.79%		4H.18
Retained cash flow (RCF)	£m	3	603.079		4H.19
RCF/Net debt	dec	2	0.06		4H.20
Borrowings					
Proportion of borrowings which are fixed rate	%	2	30.94%		4H.21
Proportion of borrowings which are floating rate	%	2	24.37%		4H.22
Proportion of borrowings which are index linked	%	2	44.69%		4H.23
Proportion of borrowings due within 1 year or less	%	2	7.69%		4H.24
Proportion of borrowings due in more than 1 year but no more than 2 years	%	2	6.35%		4H.25
Proportion of borrowings due in more than 2 years but no more than 5 years	%	2	10.63%		4H.26
Proportion of borrowings due in more than 5 years but no more than 20 years	%	2	56.95%		4H.27
Proportion of borrowings due in more than 20 years	%	2	18.38%		4H.28

The values included on the table do not include any rounding adjustments.

Lines 9 -11 include the long-term issuer default ratings. Fitch long-term issuer default rating is BBB+ (stable), which differs from the senior unsecured debt rating of A- (stable).

Lines 4H.15 and 4H.16 – In accordance with RAG 4.12, the interest cover metrics are calculated using the interest paid element of net interest paid reported in 1D.10

Breakdown of interest paid on borrowings	2023/24
Interest paid (used in the above interest cover ratios)	169.6
Interest received and similar income	-38.5
Net interest paid as reported in 1D.10	131.1

The breakdown of interest paid and interest received has been taken directly from UUW's statutory accounts. Note that interest paid comprises of circa £213 million interest paid on borrowings, offset by net income received on swaps of circa £43 million, in line with statutory accounting treatment.

Line 17 – FFO/Debt of 8.4% is calculated in accordance with the Ofwat line definition as per RAG 4.12. UUW's FFO/Debt applying Standard & Poor's (S&P) calculation method would equal 5.2%. The main difference is that S&P FFO definition includes all interest, whereas the Ofwat FFO definition includes just cash interest, so would exclude all interest on index-linked debt.

Lines 21-28 – Borrowings represents the notional value in the company's statutory accounts and does not take account of the impact on interest of derivative instruments. Further narrative regarding borrowings is disclosed on page 144.

Lines 21-23 – The proportion of borrowings between fixed, floating and index-linked takes into account hedging arrangements in place, mirroring how borrowings are allocated to each category in Table 1E.

Section 4 Additional regulatory information – service level

Pro forma 4I
Financial derivatives

Keys to cells
- Input cell
- Calculation cell
- Copy cell

	Financial derivatives – Total									
	Nominal value by maturity (net) at 31 March				Total value at 31 March		Total accretion at 31 March	Interest rate (weighted average for 12 months to 31 March 2024)		
Line description	0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market		Payable	Receivable	RAG 4 reference
Units	£m	£m	£m	£m	£m	£m	£m	%	%	
DPs	3	3	3	3	3	3	3	3	3	
Interest rate swap (sterling)										
Floating to fixed rate	350.000	200.000	1,042.817	435.004	2,027.821	-163.938	0.000	1.735%	5.408%	4I.1
Floating from fixed rate	339.948	0.000	400.000	1,675.000	2,414.948	132.274	0.000	6.403%	3.975%	4I.2
Floating to index linked	0.000	0.000	0.000	575.000	575.000	-5.541	-120.988	2.174%	4.500%	4I.3
Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.4
Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.5
Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.6
Index-linked to index-linked	0.000	0.000	0.000	100.379	100.379	-7.007	9.720	4.011%	5.346%	4I.7
Total	689.948	200.000	1,442.817	2,785.383	5,118.148	-44.212	-111.268			4I.8
Foreign Exchange										
Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.9
Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.10
Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.11
Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.12
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.13
Currency interest rate										
Currency interest rate swaps USD	0.000	0.000	226.083	26.783	252.866	-102.749	0.000			4I.14
Currency interest rate swaps EUR	0.000	0.000	37.440	675.610	713.050	7.241	0.000			4I.15
Currency interest rate swaps YEN	0.000	0.000	0.000	124.291	124.291	26.980	0.000			4I.16
Currency interest rate swaps Other	0.000	99.887	78.879	107.261	286.027	-14.363	0.000			4I.17
Total	0.000	99.887	342.402	933.945	1,376.234	-82.891	0.000			4I.18
Forward currency contracts										
Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.19
Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.20
Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.21
Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.22
Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.23
Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.24
Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.25
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.26
Other financial derivatives										
Other financial derivatives	0.000	0.000	0.000	0.000	0.000	24.915	0.000			4I.27
Total financial derivatives	689.948	299.887	1,785.219	3,719.328	6,494.382	-102.188	-111.268			4I.28

	Financial derivatives – (A) Super-senior swaps with breaks or accretion paydowns									
	Nominal value by maturity (net) at 31 March				Total value at 31 March		Total accretion at 31 March	Interest rate (weighted average for 12 months to 31 March 2024)		
Line description	0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market		Payable	Receivable	
Units	£m	£m	£m	£m	£m	£m	£m	%	%	
DPs	3	3	3	3	3	3	3	3	3	
Interest rate swap (sterling)										
Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.29
Floating from fixed rate	0.000	0.000	0.000	450.000	450.000	2.445	0.000	6.672%	5.139%	4I.30
Floating to index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.31
Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.32
Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.33
Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.34
Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.35
Total	0.000	0.000	0.000	450.000	450.000	2.445	0.000			4I.36
Foreign Exchange										
Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.37
Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.38
Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.39
Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.40
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.41
Currency interest rate										
Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.42
Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.43
Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.44
Currency interest rate swaps Other	0.000	0.000	0.000	54.234	54.234	-12.755	0.000			4I.45
Total	0.000	0.000	0.000	54.234	54.234	-12.755	0.000			4I.46
Forward currency contracts										
Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.47
Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.48
Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.49
Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.50
Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.51
Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.52
Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.53
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.54
Other financial derivatives										
Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.55
Total financial derivatives	0.000	0.000	0.000	504.234	504.234	-10.310	0.000			4I.56

	Financial derivatives – (B) Pari-passu swaps with breaks or accretion paydowns									
	Nominal value by maturity (net) at 31 March				Total value at 31 March		Total accretion at 31 March	Interest rate (weighted average for 12 months to 31 March 2024)		
Line description	0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market		Payable	Receivable	
Units	£m	£m	£m	£m	£m	£m	£m	%	%	
DPs	3	3	3	3	3	3	3	3	3	
Interest rate swap (sterling)										
Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.57
Floating from fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.58
Floating to index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.59
Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.60
Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.61
Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.62
Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.63
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.64
Foreign Exchange										
Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.65
Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.66
Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.67
Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.68
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.69
Currency interest rate										
Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.70
Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.71
Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.72
Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.73
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.74
Forward currency contracts										
Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.75
Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.76
Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.77
Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.78
Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.79
Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.80
Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.81
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.82
Other financial derivatives										
Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.83
Total financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.84

	Financial derivatives – (C) Super-senior swaps without breaks or accretion paydowns									
	Nominal value by maturity (net) at 31 March				Total value at 31 March		Total accretion at 31 March	Interest rate (weighted average for 12 months to 31 March 2024)		
Line description	0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market		Payable	Receivable	
Units	£m	£m	£m	£m	£m	£m	£m	%	%	
DPs	3	3	3	3	3	3	3	3	3	
Interest rate swap (sterling)										
Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.85
Floating from fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.86
Floating to index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.87
Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.88
Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.89
Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.90
Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.91
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.92
Foreign Exchange										
Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.93
Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.94
Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.95
Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.96
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.97
Currency interest rate										
Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.98
Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.99
Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.100
Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.101
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.102
Forward currency contracts										
Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.103
Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.104
Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.105
Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.106
Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.107
Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.108
Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.109
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.110
Other financial derivatives										
Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.111
Total financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.112

	Financial derivatives – (D) Other swaps									
	Nominal value by maturity (net) at 31 March				Total value at 31 March		Total accretion at 31 March	Interest rate (weighted average for 12 months to 31 March 2024)		
Line description	0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market		Payable	Receivable	
Units	£m	£m	£m	£m	£m	£m	£m	%	%	
DPs	3	3	3	3	3	3	3	3	3	
Interest rate swap (sterling)										
Floating to fixed rate	350.000	200.000	1,042.817	435.004	2,027.821	-163.938	0.000	1.735%	5.408%	4I.113
Floating from fixed rate	339.948	0.000	400.000	1,225.000	1,964.948	129.829	0.000	6.418%	3.251%	4I.114
Floating to index linked	0.000	0.000	0.000	575.000	575.000	-5.541	-120.988	2.174%	4.500%	4I.115
Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.116
Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.117
Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.118
Index-linked to index-linked	0.000	0.000	0.000	100.379	100.379	-7.007	9.720	4.011%	5.346%	4I.119
Total	689.948	200.000	1,442.817	2,335.383	4,668.148	-46.658	-111.268			4I.120
Foreign Exchange										
Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.121
Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.122
Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.123
Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.124
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.125
Currency interest rate										
Currency interest rate swaps USD	0.000	0.000	226.083	26.783	252.866	-102.749	0.000			4I.126
Currency interest rate swaps EUR	0.000	0.000	37.440	675.610	713.050	7.241	0.000			4I.127
Currency interest rate swaps YEN	0.000	0.000	0.000	124.291	124.291	26.980	0.000			4I.128
Currency interest rate swaps Other	0.000	99.887	78.879	53.027	231.793	-1.609	0.000			4I.129
Total	0.000	99.887	342.402	879.711	1,322.000	-70.136	0.000			4I.130
Forward currency contracts										
Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.131
Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.132
Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.133
Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.134
Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.135
Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.136
Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.137
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.138
Other financial derivatives										
Other financial derivatives	0.000	0.000	0.000	0.000	0.000	24.915	0.000			4I.139
Total financial derivatives	689.948	299.887	1,785.219	3,215.094	5,990.148	-91.878	-111.268			4I.140

Section 4 Additional regulatory information – service level

The inclusion of all 'Other' interest rates swaps in to one line in the table (line 17) makes the calculation of a meaningful weighted average interest rate problematic. We would recommend that the weighted average interest rate is better represented by splitting the three swaps that make up the balance:

The interest rates disclosed reflect the following gross positions:

- 'RDC' rate: pay 5.89%, receive 5.02% (Notional of £54.2m)
- 'HKD' rate: pay 6.70%, receive 2.90% (Notional of £53.0m)
- 'HKD' rate: pay 6.22%, receive 2.37% (Notional of £78.9m)
- 'HKD' rate: pay 6.09%, receive 2.92% (Notional of £68.1m)
- 'HKD' rate: pay 6.37%, receive 2.867% (Notional of £31.8m)

For certain interest rate swaps we have swapped the fixed coupon on the debt (including credit spread) to a floating interest rate plus margin, whereas for other interest rate swaps we have swapped a fixed rate representing underlying interest (i.e. debt coupon less the credit spread) to a floating interest rate without any margin. Therefore, certain rates payable/receivable included in the table are market interest rates excluding any element of credit spread, whereas other rates are 'all in' effective interest rates including credit spread. Care should be taken when interpreting the rates in the table.

For certain cross currency swaps that have historically reached mandatory breaks, these have been re-hedged mid-life at on-market rates (at that point). In these scenarios the fair value of the swap would have been paid to/received from the counterparty (affecting the volume of debt), with the rate on the re-hedged swap being amended either up or down accordingly (sometimes significantly so). Therefore, the rates payable on these swaps may not reflect the underlying cost of debt (for instance we have some swaps where we receive the debt coupon but pay the floating reference rate minus a margin and others where we pay the floating reference rate plus a margin significantly higher than the underlying credit spread), again, care should be taken when interpreting the rates in the table.

The interest rates incorporate fixed interest rates which are reflective of the position at the balance sheet date, and floating interest rates based on SONIA as at the balance sheet date. As such, these are not representative of our future cost of debt.

The paying interest rate on the floating to index-linked swaps represents the weighted average effective interest rate at the balance sheet date. An annual CPI increase of 3.2 per cent at March 2024 has been applied to calculate this nominal effective rate.

The nominal value of the currency swaps reflect the sterling receivable amount.

Other financial derivatives includes forward starting swaps and electricity swaps, which ensures the table now agrees to table 1C.

The index-linked to index-linked derivatives (line 7) contains RPI-to-CPI derivatives (£100m nominal). The nominal effective interest rate on these RPI-to-CPI swaps has been disclosed, where the annual RPI increase of 4.3% and annual CPI increase of 10.1% have been used to calculate the weighted average receivable and payable legs, respectively.

Electricity swaps – £34.8m liability

W23 – 33,435MWh @ £61.72 £ per MWh

S24 – 175,680MWh @ £82.21 £ per MWh

W24 – 218,400MWh @ £79.66 £ per MWh

S25 – 175,680MWh @ £131.12.5 £ per MWh

W25 – 174,720MWh @ £145.40 £ per MWh

S26 – 109,800MWh @ £144.73 £ per MWh

W26 – 109,200MWh @ £103.49 £ per MWh

S27 – 21,960MWh @ £68.50 £ per MWh

W27 – 21,960MWh @ £80.50 £ per MWh

Forward starting floating to fixed rate swaps – £9.8 million asset

£50.0m Apr 24 - Apr 27 pay 4.178%, receive 6 month compounded SONIA

£50.0m Apr 24 - Apr 27 pay 4.097%, receive 6 month compounded SONIA

£51.1m Jun 24 - Jun 27 pay 4.000%, receive 6 month compounded SONIA

£50.0m Jun 24 - Jun 28 pay 3.560%, receive 6 month compounded SONIA

£50.0m Jun 24 - Jun 28 pay 3.592%, receive 6 month compounded SONIA

£50.0m Jun 24 - Jun 29 pay 3.193%, receive 6 month compounded SONIA

£50.0m Jun 24 - Jun 29 pay 3.584%, receive 6 month compounded SONIA

£50.0m Jun 24 - Jun 29 pay 3.491%, receive 6 month compounded SONIA

£50.0m Jun 24 - Jun 29 pay 3.408%, receive 6 month compounded SONIA

£50.0m Jun 24 -Jun 29 pay 3.519%, receive 6 month compounded SONIA

£50.0m Dec 24 - Dec 32 pay 2.89%, receive 6 month compounded SONIA

£50.0m Dec 24 - Dec 32 pay 2.897%, receive 6 month compounded SONIA

£50.0m Dec 24 – Dec 32 pay 2.94% receive 6 month compounded SONIA

Section 4 Additional regulatory information – service level

Pro forma 4J

Base expenditure analysis for the 12 months ended 31 March 2024 – water resources and water network+

Keys to cells
- Input cell
- Calculation cell
- Copy cell

Line description	Units	DPs	Water resources	Water network+ Raw water distribution	Raw water storage	Water treatment	Treated water distribution	Total	RAG 4 reference
Operating expenditure									
Power	£m	3	9.562	9.117	0.213	27.819	18.428	65.138	4J.1
Income treated as negative expenditure	£m	3	0.000	-0.431	0.000	-0.046	0.000	-0.478	4J.2
Bulk Supply/Bulk discharge	£m	3	0.116	0.011	0.003	0.134	0.000	0.264	4J.3
Renewals expensed in year (infrastructure)	£m	3	12.754	0.005	0.000	0.000	110.320	123.079	4J.4
Renewals expensed in year (non-infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.5
Other operating expenditure	£m	3	12.601	7.701	1.057	87.666	77.687	186.713	4J.6
Local authority and Cumulo rates	£m	3	13.790	1.865	0.233	6.278	28.819	50.985	4J.7
Service Charges									
Canal & River Trust abstraction charges/ discharge consents	£m	3	0.944	0.000	0.000	0.000	0.000	0.944	4J.8
Environment Agency / NRW abstraction charges/ discharge consents	£m	3	21.668	0.000	0.000	0.280	0.000	21.948	4J.9
Other abstraction charges/ discharge consents	£m	3	1.950	0.000	0.000	0.000	0.000	1.950	4J.10
Location specific costs & obligations									
Costs associated with Traffic Management Act	£m	3	0.000	0.000	0.000	0.000	1.775	1.775	4J.11
Costs associated with lane rental schemes	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.12
Statutory water softening	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.13
Total base operating expenditure	£m	3	73.386	18.268	1.505	122.131	237.030	452.319	4J.14
Capital expenditure									
Maintaining the long term capability of the assets - infra	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.15
Maintaining the long term capability of the assets - non-infra	£m	3	5.252	1.369	0.000	109.908	28.338	144.868	4J.16
Total base capital expenditure	£m	3	5.252	1.369	0.000	109.908	28.338	144.868	4J.17
Traffic Management Act									
Projects incurring costs associated with Traffic Management Act	nr	0	0	0	0	0	27210	27210	4J.18

Section 4 Additional regulatory information – service level

Pro forma 4K

Base expenditure analysis for the 12 months ended 31 March 2024 – wastewater network+ and bioresources

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Expenditure in report year									RAG 4 reference
			Wastewater network+					Bioresources				
			Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge Transport	Sludge Treatment	Sludge Disposal	Total	
Operating expenditure												
Power	£m	3	13.298	6.244	2.458	83.856	4.071	0.030	-12.712	0.046	97.291	4K.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	-13.803	0.000	-13.802	4K.2
Bulk Supply/Bulk discharge	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4K.3
Renewals expensed in year (infrastructure)	£m	3	36.422	33.509	13.096	0.000	0.000	0.000	-0.070	0.000	82.957	4K.4
Renewals expensed in year (non-infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4K.5
Other operating expenditure	£m	3	41.609	12.515	4.806	99.859	0.555	14.138	41.029	10.048	224.559	4K.6
Local authority and Cumulo rates	£m	3	0.030	0.009	0.004	23.265	0.195	0.122	6.215	0.740	30.581	4K.7
Service Charges												
Canal & River Trust abstraction charges/ discharge consents	£m	3	0.119	0.145	0.058	0.378	0.000	0.000	0.000	0.000	0.700	4K.8
EA / NRW abstraction charges/ discharge consents	£m	3	0.940	1.143	0.457	4.268	0.000	0.000	0.049	0.000	6.857	4K.9
Other abstraction charges/ discharge consents	£m	3	0.226	0.275	0.110	-0.477	0.000	0.000	0.000	0.000	0.133	4K.10
Location specific costs & obligations												
Costs associated with Traffic Management Act	£m	3	0.272	0.185	0.072	0.000	0.000	0.000	0.000	0.000	0.529	4K.11
Costs associated with lane rental schemes	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4K.12
Costs associated with Industrial emissions directive	£m	3	0.000	0.000	0.000	0.044	0.000	0.000	1.792	0.000	1.836	4K.13
Total base operating expenditure	£m	3	92.917	54.023	21.060	211.194	4.821	14.290	22.500	10.835	431.640	4K.14
Capital expenditure												
Maintaining the long term capability of the assets - infra	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4K.15
Maintaining the long term capability of the assets - non-infra	£m	3	9.409	8.645	3.379	147.897	0.000	0.000	29.814	0.091	199.234	4K.16
Total base capital expenditure	£m	3	9.409	8.645	3.379	147.897	0.000	0.000	29.814	0.091	199.234	4K.17
Traffic Management Act												
Projects incurring costs associated with Traffic Management Act	nr	0	3076	2086	813	0	0	0	0	0	5975	4K.18
Operating expenditure (AMP 7 shadow reported values)												
Power	£m	3	13.298	6.244	2.458	83.856	4.071	0.030	5.845	0.046	115.848	4K.19
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	-32.360	0.000	-32.360	4K.20

Section 4 Additional regulatory information – service level

Pro forma 4L

Enhancement expenditure for the 12 months ended 31 March 2024 - water resources and water network+

Keys to cells
- Input cell
- Calculation cell
- Copy cell

				Expenditure in report year (AMP7 only)						Expenditure in report year (AMP8 only)				Cumulative expenditure on schemes completed in the report year (AMP7 only)						Cumulative expenditure on all schemes to reporting year end (AMP7 only)	Cumulative allowed expenditure on all schemes to reporting year end (AMP7 only)	Cumulative allowed expenditure on all schemes 2020-25 (AMP7 only)	
					Water network+										Water network+								
Line description		Units	DPs	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Accelerated scheme costs	Transition costs	Total	Total (AMP7 & AMP8)	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Total	Total	Total	RAG 4 reference
EA/NRW environmental programme (WINEP/NEP)																							
Ecological improvements at abstractions	Capex	£m	3	1.063	0.000	0.000	0.220	0.000	1.283	0.000	0.000	0.000	1.283										4L.1
Ecological improvements at abstractions	Opex	£m	3	1.165	0.000	0.000	0.227	0.000	1.392	0.000	0.000	0.000	1.392										4L.2
Ecological improvements at abstractions	Totex	£m	3	2.228	0.000	0.000	0.448	0.000	2.676	0.000	0.000	0.000	2.676							10.720	16.596	23.046	4L.3
Eels Regulations (measures at intakes)	Capex	£m	3	0.969	0.000	0.000	0.000	0.000	0.969	0.000	0.000	0.000	0.969										4L.4
Eels Regulations (measures at intakes)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.5
Eels Regulations (measures at intakes)	Totex	£m	3	0.969	0.000	0.000	0.000	0.000	0.969	0.000	0.000	0.000	0.969							5.156	4.479	6.340	4L.6
Invasive Non Native Species	Capex	£m	3	0.001	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.001										4L.7
Invasive Non Native Species	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.8
Invasive Non Native Species	Totex	£m	3	0.001	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.001							0.045	0.321	0.454	4L.9
Drinking Water Protected Areas (schemes)	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.10
Drinking Water Protected Areas (schemes)	Opex	£m	3	0.030	0.000	0.000	0.119	0.000	0.149	0.000	0.000	0.000	0.149										4L.11
Drinking Water Protected Areas (schemes)	Totex	£m	3	0.030	0.000	0.000	0.119	0.000	0.149	0.000	0.000	0.000	0.149							0.727	1.292	1.591	4L.12
Water Framework Directive measures	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.13
Water Framework Directive measures	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.14
Water Framework Directive measures	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000							0.000	0.000	0.000	4L.15
Investigations	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.143	0.143	0.143	0.000	0.000	0.000	0.000	0.000	0.000				4L.16
Investigations	Opex	£m	3	-0.028	0.000	0.000	-0.114	0.000	-0.142	0.000	0.000	0.000	-0.142	0.000	0.000	0.000	0.000	0.000	0.000				4L.17
Investigations	Totex	£m	3	-0.028	0.000	0.000	-0.114	0.000	-0.142	0.000	0.143	0.143	0.001	0.000	0.000	0.000	0.000	0.000	0.000	1.408	3.514	4.276	4L.18
Total environmental programme expenditure	Totex	£m	3	3.199	0.000	0.000	0.453	0.000	3.652	0.000	0.143	0.143	3.795							18.056	26.202	35.708	4L.19
Supply-demand balance																							
Supply-side improvements delivering benefits in 2020-2025	Capex	£m	3	0.001	0.000	0.000	0.021	0.001	0.023	0.000	0.000	0.000	0.023	0.000	0.000	0.000	0.000	0.000	0.000				4L.20
Supply-side improvements delivering benefits in 2020-2025	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4L.21
Supply-side improvements delivering benefits in 2020-2025	Totex	£m	3	0.001	0.000	0.000	0.021	0.001	0.023	0.000	0.000	0.000	0.023	0.000	0.000	0.000	0.000	0.000	0.000	10.790	0.000	0.000	4L.22
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Capex	£m	3	0.004	0.000	0.000	0.014	1.276	1.294	0.000	0.000	0.000	1.294										4L.23
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.24
Demand-side improvements delivering benefits in 2020-2025 (excl leakage and metering)	Totex	£m	3	0.004	0.000	0.000	0.014	1.276	1.294	0.000	0.000	0.000	1.294							103.373	0.000	0.000	4L.25
Leakage improvements delivering benefits in 2020-2025	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4L.26
Leakage improvements delivering benefits in 2020-2025	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4L.27
Leakage improvements delivering benefits in 2020-2025	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	11.494	0.000	0.000	4L.28
Internal interconnectors delivering benefits in 2020-2025	Capex	£m	3	0.000	0.000	0.000	0.000	5.424	5.424	0.000	0.000	0.000	5.424										4L.29
Internal interconnectors delivering benefits in 2020-2025	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.30
Internal interconnectors delivering benefits in 2020-2025	Totex	£m	3	0.000	0.000	0.000	0.000	5.424	5.424	0.000	0.000	0.000	5.424							7.695	10.515	11.838	4L.31
Supply demand balance improvements delivering benefits starting from 2026	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.32
Supply demand balance improvements delivering benefits starting from 2026	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.33
Supply demand balance improvements delivering benefits starting from 2026	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000							0.000	0.000	0.000	4L.34
Strategic regional water resources	Capex	£m	3	6.502	0.000	0.000	0.000	0.000	6.502	0.000	0.000	0.000	6.502										4L.35
Strategic regional water resources	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.36
Strategic regional water resources	Totex	£m	3	6.502	0.000	0.000	0.000	0.000	6.502	0.000	0.000	0.000	6.502							17.890	46.959	54.951	4L.37
Total supply demand expenditure	Totex	£m	3	6.508	0.000	0.000	0.035	6.701	13.244	0.000	0.000	0.000	13.244							151.243	57.473	66.790	4L.38
Metering																							
New meters requested by existing customers (optants)	Capex	£m	3					10.772	10.772	0.000	0.000	0.000	10.772										4L.39
New meters requested by existing customers (optants)	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.40
New meters requested by existing customers (optants)	Totex	£m	3					10.772	10.772	0.000	0.000	0.000	10.772										4L.41
New meters introduced by companies for existing customers	Capex	£m	3					8.185	8.185	0.000	0.000	0.000	8.185										4L.42
New meters introduced by companies for existing customers	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.43
New meters introduced by companies for existing customers	Totex	£m	3					8.185	8.185	0.000	0.000	0.000	8.185										4L.44
New meters for existing customers - business	Capex	£m	3					0.063	0.063	0.000	0.000	0.000	0.063										4L.45
New meters for existing customers - business	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.46
New meters for existing customers - business	Totex	£m	3					0.063	0.063	0.000	0.000	0.000	0.063										4L.47
Replacement of existing basic meters with AMR or AMI meters for household customers	Capex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.48
Replacement of existing basic meters with AMR or AMI meters for household customers	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.49
Replacement of existing basic meters with AMR or AMI meters for household customers	Totex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.50
Replacement of existing AMR meters with AMI meters for household customers	Capex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.51
Replacement of existing AMR meters with AMI meters for household customers	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.52
Replacement of existing AMR meters with AMI meters for household customers	Totex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.53
Replacement of existing basic meters with AMR or AMI meters for business customers	Capex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.54
Replacement of existing basic meters with AMR or AMI meters for business customers	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.55
Replacement of existing basic meters with AMR or AMI meters for business customers	Totex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.56
Replacement of existing AMR meters with AMI meters for business customers	Capex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.57
Replacement of existing AMR meters with AMI meters for business customers	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.58
Replacement of existing AMR meters with AMI meters for business customers	Totex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.59
Smart meter infrastructure	Capex	£m	3					0.000	0.000	0.000	2.703	2.703	2.703										4L.60
Smart meter infrastructure	Opex	£m	3					0.000	0.000	0.000	0.000	0.000	0.000										4L.61
Smart meter infrastructure	Totex	£m	3					0.000	0.000	0.000	2.703	2.703	2.703										4L.62
Total metering expenditure	Totex	£m	3					19.020	19.020	0.000	2.703	2.703	21.723							53.899	44.901	50.554	4L.63
Other enhancement																							
Improvements to taste, odour and colour	Capex	£m	3	0.000	0.000	0.000	3.587	36.198	39.786	0.000	0.000	0.000	39.786										4L.64
Improvements to taste, odour and colour	Opex	£m	3	0.019	0.000	0.000	0.075	0.000	0.093	0.000	0.000	0.000	0.093										4L.65
Improvements to taste, odour and colour	Totex	£m	3	0.019	0.000	0.000	3.662	36.198	39.879	0.000	0.000	0.000	39.879							95.905	13.060	14.769	4L.66
Addressing raw water deterioration (grey solutions)	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4L.67
Addressing raw water deterioration (grey solutions)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4L.68
Addressing raw water deterioration (grey solutions)	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.240	4.715	6.365	4L.69
Addressing raw water deterioration (green solutions)	Capex	£m	3	0.694	0.000	0.000	0.000	0.000	0.694	0.000	0.000	0.000	0.694	0.000	0.000	0.000	0.000	0.000	0.000				4L.70
Addressing raw water deterioration (green solutions)	Opex	£m	3	0.308	0.000	0.000	0.141	0.000	0.449	0.000	0.000	0.000	0.449	0.000	0.000	0.000	0.000	0.000	0.000				4L.71
Addressing raw water deterioration (green solutions)	Totex	£m	3	1.002	0.000	0.000	0.141	0.000	1.143	0.000	0.000	0.000	1.143	0.000	0.000	0.000	0.000	0.000	0.000	2.708	0.000	0.000	4L.72
Addressing raw water deterioration (total)	Capex	£m	3	0.694	0.000	0.000	0.000	0.000	0.694	0.000	0.000	0.000	0.694	0.000	0.000	0.000	0.000	0.000	0.000				4L.73
Addressing raw water deterioration (total)	Opex	£m	3	0.308	0.000	0.000	0.141	0.000	0.449	0.000	0.000	0.000	0.449	0.000	0.000	0.000	0.000	0.000	0.000				4L.74
Addressing raw water deterioration (total)	Totex	£m	3	1.002	0.000	0.000	0.141	0.000	1.143	0.000	0.000	0.000	1.143	0.000	0.000	0.000	0.000	0.000	0.000	4.948	4.715	6.365	4L.75
Improvements to river flow	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.76
Improvements to river flow	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.77
Improvements to river flow	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000							0.000	0.000	0.000	4L.78
Enhancing resilience to low probability high consequence events	Capex	£m	3	0.000	0.000	0.000	0.000	6.140	6.140	0.000	0.000	0.000	6.140										4L.79
Enhancing resilience to low probability high consequence events	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.80
Enhancing resilience to low probability high consequence events	Totex	£m	3	0.000	0.000	0.000	0.000	6.140	6.140	0.000	0.000	0.000	6.140							84.466	86.977	97.927	4L.81
Conditioning water to reduce plumbosolvency	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.82
Conditioning water to reduce plumbosolvency	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.83
Conditioning water to reduce plumbosolvency	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000							0.000	0.000	0.000	4L.84
Lead communication pipes replaced or relined for water quality	Capex	£m	3	0.000	0.000	0.000	0.000	10.446	10.446	0.000	0.000	0.000	10.446										4L.85
Lead communication pipes replaced or relined for water quality	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.86
Lead communication pipes replaced or relined for water quality	Totex	£m	3	0.000	0.000	0.000	0.000	10.446	10.446	0.000	0.000	0.000	10.446							35.926	15.495	17.446	4L.87
Other lead reduction related activity	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.88
Other lead reduction related activity	Opex	£m	3	0.000	0.000	0.000	0.000	2.064	2.064	0.000	0.000	0.000	2.064										4L.89
Other lead reduction related activity	Totex	£m	3	0.000	0.000	0.000	0.000	2.064	2.064	0.000	0.000	0.000	2.064							6.560	0.000	0.000	4L.90
Meeting lead standards (total)	Capex	£m	3	0.000	0.000	0.000	0.000	10.446	10.446	0.000	0.000	0.000	10.446										4L.91
Meeting lead standards (total)	Opex	£m	3	0.000	0.000	0.000	0.000	2.064	2.064	0.000	0.000	0.000	2.064										4L.92
Meeting lead standards (total)	Totex	£m	3	0.000	0.000	0.000	0.000	12.510	12.510	0.000	0.000	0.000	12.510							42.486	15.495	17.446	4L.93
Security - SEMD	Capex	£m	3	0.014	0.000	0.000	0.054	0.002	0.070	0.000	0.000	0.000	0.070										4L.94
Security - SEMD	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.95
Security - SEMD	Totex	£m	3	0.014	0.000	0.000	0.054	0.002	0.070	0.000	0.000	0.000	0.070							6.748	0.000	0.000	4L.96
Security - Non-SEMD	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.97
Security - Non-SEMD	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										4L.98
Security - Non-SEMD	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000							0.000	0.000	0.000	4L.99
Innovation Competition	Capex	£m	3	3.449	1.381	0.000	0.690	0.690	6.211	0.000	0.000	0.000	6.211							10.217	10.217	11.435	4L.100
Innovation Competition	Opex	£m	3	0.000	0.000	0.000	0.002	0.001	0.003	0.000	0.000	0.000	0.003							0.117	0.117	0.117	4L.101
Concessionary Supplies	Capex	£m	3	0.041	0.000	0.000	0.074	0.000	0.115	0.000	0.000	0.000	0.115							2.077	0.000	0.000	4L.102
Total other enhancement expenditure	Totex	£m	3	4.525	1.381	0.000	4.623	55.542	66.072	0.000	0.000	0.000	66.072							246.965	130.582	148.059	4L.120
Total enhancement																							
Total enhancement expenditure	Capex	£m	3	12.739	1.381	0.000	4.661	79.198	97.979	0.000	2.846	2.846	100.825										4L.121
Total enhancement expenditure	Opex	£m	3	1.493	0.000	0.000	0.450	2.066	4.009	0.000	0.000	0.000	4.009										4L.122
Total enhancement expenditure	Totex	£m	3	14.232	1.381	0.000	5.111	81.263	101.987	0.000	2.846	2.846	104.833							470.163	259.158	301.110	4L.123

Lines 4L.103-4L.119 are unused freeform lines.

Section 4 Additional regulatory information – service level

Pro forma 4M

Enhancement expenditure for the 12 months ended 31 March 2024 - wastewater network+ and bioresources

Keys to cells
- Input cell
- Calculation cell
- Copy cell

				Expenditure in report year (AMP7 only)									Expenditure in report year (AMP8 only)				Cumulative expenditure on schemes completed in the report year (AMP7 only)									Cumulative expenditure on all schemes to reporting year end (AMP7 only)	Cumulative allowed expenditure on all schemes to reporting year end (AMP7 only)	Cumulative allowed expenditure on all schemes 2020-25 (AMP7 only)	
				Wastewater network+					Bioresources								Wastewater network+					Bioresources							
Line description		Units	DPs	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	Accelerated scheme costs	Transition costs	Total	Total (AMP7 & AMP8)	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	Total	Total	Total	RAG 4 reference
EA/NRW environmental programme (WINEP/NEP)																													
Conservation drivers	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.1
Conservation drivers	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.2
Conservation drivers	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.122	0.631	0.858	4M.3
Event Duration Monitoring at intermittent discharges	Capex	£m	3	0.000	0.000	0.000	0.116	0.000	0.000	0.000	0.000	0.116	0.000	0.000	0.000	0.116													4M.4
Event Duration Monitoring at intermittent discharges	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.5
Event Duration Monitoring at intermittent discharges	Totex	£m	3	0.000	0.000	0.000	0.116	0.000	0.000	0.000	0.000	0.116	0.000	0.000	0.000	0.116										4.044	2.068	2.812	4M.6
Flow monitoring at sewage treatment works	Capex	£m	3	0.000	0.000	0.000	5.201	0.000	0.000	0.000	0.000	5.201	0.000	0.000	0.000	5.201													4M.7
Flow monitoring at sewage treatment works	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.8
Flow monitoring at sewage treatment works	Totex	£m	3	0.000	0.000	0.000	5.201	0.000	0.000	0.000	0.000	5.201	0.000	0.000	0.000	5.201										8.300	3.499	4.757	4M.9
Schemes to increase flow to full treatment	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.10
Schemes to increase flow to full treatment	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.11
Schemes to increase flow to full treatment	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.192	15.001	20.396	4M.12
Schemes to increase storm tank capacity	Capex	£m	3	0.463	0.426	0.166	26.044	0.000	0.000	0.000	0.000	27.100	3.165	0.075	3.239	30.339	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.13
Schemes to increase storm tank capacity	Opex	£m	3	0.011	0.004	0.002	0.221	0.000	0.002	0.000	0.013	0.254	0.000	0.000	0.000	0.254	0.011	0.004	0.002	0.221	0.000	0.002	0.000	0.013	0.254				4M.14
Schemes to increase storm tank capacity	Totex	£m	3	0.474	0.430	0.168	26.266	0.000	0.002	0.000	0.013	27.353	3.165	0.075	3.239	30.592	0.011	0.004	0.002	0.221	0.000	0.002	0.000	0.013	0.254	91.058	84.855	123.728	4M.15
Schemes to provide additional effective storage at sewage treatment works through green infrastructure.	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.16
Schemes to provide additional effective storage at sewage treatment works through green infrastructure.	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.17
Schemes to provide additional effective storage at sewage treatment works through green infrastructure.	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.18
Storage in the network to reduce spill frequency at CSOs etc (grey solutions)	Capex	£m	3	7.958	7.312	2.858	0.008	0.000	0.000	0.000	0.000	18.136	13.581	0.020	13.601	31.737	8.600	7.902	3.088	0.000	0.000	0.000	0.000	0.000	19.591				4M.19
Storage in the network to reduce spill frequency at CSOs etc (grey solutions)	Opex	£m	3	0.018	0.007	0.003	0.000	0.000	0.000	0.000	0.000	0.028	0.000	0.000	0.000	0.028	0.018	0.007	0.003	0.000	0.000	0.000	0.000	0.000	0.028				4M.20
Storage in the network to reduce spill frequency at CSOs etc (grey solutions)	Totex	£m	3	7.977	7.319	2.860	0.008	0.000	0.000	0.000	0.000	18.163	13.581	0.020	13.601	31.765	8.619	7.909	3.091	0.000	0.000	0.000	0.000	0.000	19.619				4M.21
Effective storage in the network to reduce spill frequency at CSOs etc (green solutions)	Capex	£m	3	1.862	1.711	0.669	0.000	0.000	0.000	0.000	0.000	4.241	0.000	0.000	0.000	4.241	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.22
Effective storage in the network to reduce spill frequency at CSOs etc (green solutions)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.23
Effective storage in the network to reduce spill frequency at CSOs etc (green solutions)	Totex	£m	3	1.862	1.711	0.669	0.000	0.000	0.000	0.000	0.000	4.241	0.000	0.000	0.000	4.241	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.24
Total for storage schemes in the network to reduce spill frequency at CSOs etc (grey + green)	Totex	£m	3	9.839	9.029	3.529	0.008	0.000	0.000	0.000	0.000	22.404	13.581	0.020	13.601	36.006	8.619	7.909	3.091	0.000	0.000	0.000	0.000	0.000	19.619	70.308	65.981	95.186	4M.25
Chemical removals schemes	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.26
Chemical removals schemes	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.27
Chemical removals schemes	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4M.28
Chemicals monitoring/ investigations/ options appraisals	Capex	£m	3	0.000	0.000	0.000	0.065	0.000	0.000	0.000	0.000	0.065	0.000	0.328	0.328	0.393													4M.29
Chemicals monitoring/ investigations/ options appraisals	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.30
Chemicals monitoring/ investigations/ options appraisals	Totex	£m	3	0.000	0.000	0.000	0.065	0.000	0.000	0.000	0.000	0.065	0.000	0.328	0.328	0.393										1.691	2.082	2.831	4M.31
Nitrogen removal	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.003	0.003													4M.32
Nitrogen removal	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.33
Nitrogen removal	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.003	0.003										0.000	0.000	0.000	4M.34
Phosphorus removal	Capex	£m	3	0.000	0.000	0.000	118.315	0.000	0.000	-0.001	0.000	118.314	0.002	4.343	4.345	122.659	0.000	0.000	0.000	61.733	0.000	0.000	0.000	0.000	61.733				4M.35
Phosphorus removal	Opex	£m	3	0.000	0.000	0.000	6.066	0.000	0.402	0.000	0.000	6.467	0.000	0.000	0.000	6.467	0.000	0.000	0.000	6.066	0.000	0.402	0.000	0.000	6.467				4M.36
Phosphorus removal	Totex	£m	3	0.000	0.000	0.000	124.381	0.000	0.402	-0.001	0.000	124.781	0.002	4.343	4.345	129.127	0.000	0.000	0.000	67.799	0.000	0.402	0.000	0.000	68.201	423.819	382.211	519.674	4M.37
Reduction of sanitary parameters	Capex	£m	3	0.146	0.135	0.053	16.682	0.000	0.000	0.000	0.000	17.015	0.000	0.713	0.713	17.729	0.000	0.000	0.000	2.706	0.000	0.000	0.000	0.000	2.706				4M.38
Reduction of sanitary parameters	Opex	£m	3	0.000	0.000	0.000	-0.279	0.000	-0.006	0.000	0.044	-0.240	0.000	0.000	0.000	-0.240	0.000	0.000	0.000	-0.279	0.000	-0.006	0.000	0.044	-0.240				4M.39
Reduction of sanitary parameters	Totex	£m	3	0.146	0.135	0.053	16.403	0.000	-0.006	0.000	0.044	16.775	0.000	0.713	0.713	17.488	0.000	0.000	0.000	2.427	0.000	-0.006	0.000	0.044	2.466	56.972	28.818	39.182	4M.40
UV disinfection (or similar)	Capex	£m	3	0.000	0.000	0.000	5.406	0.000	0.000	0.000	0.000	5.406	0.000	0.000	0.000	5.406	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.41
UV disinfection (or similar)	Opex	£m	3	0.000	0.000	0.000	0.004	0.000	0.000	0.000	0.001	0.004	0.000	0.000	0.000	0.004	0.000	0.000	0.000	0.004	0.000	0.000	0.000	0.001	0.004				4M.42
UV disinfection (or similar)	Totex	£m	3	0.000	0.000	0.000	5.409	0.000	0.000	0.000	0.001	5.410	0.000	0.000	0.000	5.410	0.000	0.000	0.000	0.004	0.000	0.000	0.000	0.001	0.004	52.315	16.950	23.046	4M.43
Investigations	Capex	£m	3	0.000	0.000	0.000	2.306	0.000	0.000	0.000	0.000	2.306	0.000	0.014	0.014	2.320													4M.44
Investigations	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.45
Investigations	Totex	£m	3	0.000	0.000	0.000	2.306	0.000	0.000	0.000	0.000	2.306	0.000	0.014	0.014	2.320										10.292	17.829	24.241	4M.46
Total environmental programme expenditure	Totex	£m	3	10.459	9.594	3.749	180.154	0.000	0.398	-0.001	0.058	204.412	16.748	5.497	22.245	226.657										720.112	619.925	856.710	4M.47
Other enhancement																													
Growth at sewage treatment works (excluding sludge treatment)	Capex	£m	3	0.000	0.000	0.000	12.052	0.000	0.000	0.000	0.000	12.052	0.000	0.000	0.000	12.052	0.000	0.000	0.000	5.015	0.000	0.000	0.000	0.000	5.015				4M.48
Growth at sewage treatment works (excluding sludge treatment)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.49
Growth at sewage treatment works (excluding sludge treatment)	Totex	£m	3	0.000	0.000	0.000	12.052	0.000	0.000	0.000	0.000	12.052	0.000	0.000	0.000	12.052	0.000	0.000	0.000	5.015	0.000	0.000	0.000	0.000	5.015				4M.50
Reduce flooding risk for properties	Capex	£m	3	15.630	14.361	5.613	0.000	0.000	0.000	0.000	0.000	35.604	0.000	0.000	0.000	35.604	15.630	14.361	5.613	0.000	0.000	0.000	0.000	0.000	35.604				4M.51
Reduce flooding risk for properties	Opex	£m	3	8.161	2.401	0.922	0.000	0.000	0.000	0.000	0.000	11.483	0.000	0.000	0.000	11.483	8.161	2.401	0.922	0.000	0.000	0.000	0.000	0.000	11.483				4M.52
Reduce flooding risk for properties	Totex	£m	3	23.791	16.762	6.534	0.000	0.000	0.000	0.000	0.000	47.088	0.000	0.000	0.000	47.088	23.791	16.762	6.534	0.000	0.000	0.000	0.000	0.000	47.088				4M.53
First time sewerage	Capex	£m	3	0.135	0.124	0.049	0.000	0.000	0.000	0.000	0.000	0.308	0.000	0.000	0.000	0.308	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.54
First time sewerage	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.55
First time sewerage	Totex	£m	3	0.135	0.124	0.049	0.000	0.000	0.000	0.000	0.000	0.308	0.000	0.000	0.000	0.308	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.077	3.156	4.291	4M.56
Sludge enhancement (quality)	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.57
Sludge enhancement (quality)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.58
Sludge enhancement (quality)	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.300	0.641	0.805	4M.59
Sludge enhancement (growth)	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.60
Sludge enhancement (growth)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.61
Sludge enhancement (growth)	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.62
Odour	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.63
Odour	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000													4M.64
Odour	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.65
Enhancing resilience to low probability high consequence events	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.66
Enhancing resilience to low probability high consequence events	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.67
Enhancing resilience to low probability high consequence events	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4M.68
Security - SEMD	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.69
Security - SEMD	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.70
Security - SEMD	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4M.71
Security - Non-SEMD	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.72
Security - Non-SEMD	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000				4M.73
Security - Non-SEMD	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4M.74
NEP Discharge Relocation	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.115	0.000	0.000	4M.75
NEP Discharge Relocation	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.76
NEP requirement for bathing water shellfish driver delivered through long sea outfall or increased FTFT	Capex	£m	3	0.498	0.458	0.179	1.447	0.000	0.000	0.000	0.000	2.582	0.000	0.000	0.000	2.582										36.091	11.663	15.858	4M.77
NEP requirement for bathing water shellfish driver delivered through long sea outfall or increased FTFT	Opex	£m	3	0.233	0.083	0.032	1.092	0.000	0.000	0.000	0.000	1.441	0.000	0.000	0.000	1.441										5.165	0.000	0.000	4M.78
Innovation Competition	Capex	£m	3	0.048	0.045	0.017	3.425	0.000	0.000	0.000	0.000	3.535	0.000	0.000	0.000	3.535										5.671	5.671	9.572	4M.79
Innovation Competition	Opex	£m	3	0.001	0.000	0.000	0.004	0.000	0.000	0.000	0.000	0.007	0.000	0.000	0.000	0.007										0.121	0.121	0.121	4M.80
NEP phase 5 WFD schemes - treatment increased storage or investigations	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.373	0.000	0.000	4M.81
NEP phase 5 WFD schemes - treatment increased storage or investigations	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.82
WINEP/NEP - eels regulations	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.043	0.137	0.186	4M.83
WINEP/NEP - eels regulations	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.84
GER Freeform - Innovative partnership approaches to deliver better catchment outcomes	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	2.175	3.738	4M.85
GER Freeform -Tackling storm overflows	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	3.914	6.728	4M.86
Access and amenity for WINEP/NEP only (not covered elsewhere) (CWW3.124)	Capex	£m	3	0.000	0.000	0.000	0.034	0.000	0.000	0.000	0.000	0.034	0.000	0.000	0.000	0.034										0.034	0.000	0.000	4M.87
Access and amenity for WINEP/NEP only (not covered elsewhere) (CWW3.124)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.88
Continuous river water quality monitoring (WINEP/NEP) (CWW3.7)	Capex	£m	3	0.000	0.000	0.000	0.006	0.000	0.000	0.000	0.000	0.006	0.000	0.005	0.005	0.011										0.006	0.000	0.000	4M.89
Continuous river water quality monitoring (WINEP/NEP) (CWW3.7)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.90
Catchment management - nutrient balancing; (WINEP/NEP) (CWW3.79)	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.006	0.006	0.006										0.000	0.000	0.000	4M.91
Catchment management - nutrient balancing; (WINEP/NEP) (CWW3.79)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.92
Sludge enhancement (quality) - IED (4M.57)	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	5.553	0.000	5.553	0.000	0.000	0.000	5.553										5.553	0.000	0.000	4M.93
Sludge enhancement (quality) - IED (4M.57)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.94
Septic tank replacements - treatment solution; (WINEP/NEP) (CWW3.91)	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.021	0.021	0.021										0.000	0.000	0.000	4M.95
Septic tank replacements - treatment solution; (WINEP/NEP) (CWW3.91)	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000										0.000	0.000	0.000	4M.96
Total other enhancement expenditure	Totex	£m	3	24.708	17.472	6.812	18.060	0.000	0.000	5.554	0.000	72.605	0.000	0.032	0.032	72.637										56.548	27.478	41.299	4M.97
Total enhancement																													
Total enhancement expenditure	Capex	£m	3	26.742	24.571	9.603	191.106	0.000	0.000	5.552	0.000	257.574	16.748	5.529	22.277	279.851													4M.98
Total enhancement expenditure	Opex	£m	3	8.425	2.494	0.958	7.108	0.000	0.398	0.000	0.059	19.443	0.000	0.000	0.000	19.443													4M.99
Total enhancement expenditure	Totex	£m	3	35.167	27.065	10.561	198.214	0.000	0.398	5.552	0.059	277.017	16.748	5.529	22.277	299.294										776.661	647.403	898.010	4M.100

Section 4 Additional regulatory information – service level

Pro forma 4N

Developer services expenditure for the 12 months ended 31 March 2024 – water network+ (price control)

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water network+ Treated water distribution Capex	Opex	Totex	RAG 4 reference
New connections	£m	3	13.232	0.028	13.259	4N.1
Requisition mains	£m	3	6.192	0.000	6.192	4N.2
Infrastructure network reinforcement	£m	3	7.763	0.000	7.763	4N.3
s185 diversions	£m	3	0.000	7.383	7.383	4N.4
Other price controlled activities	£m	3	0.000	0.270	0.270	4N.5
Total developer services expenditure	£m	3	27.187	7.681	34.867	4N.6

Section 4 Additional regulatory information – service level

Pro forma 4O

Developer services expenditure for the 12 months ended 31 March 2024 – wastewater network+ and bioresources

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Wastewater network+ Foul	Wastewater network+ Surface water drainage	Wastewater network+ Highway drainage	Wastewater network+ Sewage treatment and disposal	Wastewater network+ Sludge liquor treatment	Total	RAG 4 reference
Capex									
New connections	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4O.1
Requisition sewers	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4O.2
Infrastructure network reinforcement	£m	3	3.928	3.609	1.411	0.000	0.000	8.948	4O.3
s185 diversions	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4O.4
Other price controlled activities	£m	3	1.658	1.523	0.595	0.000	0.000	3.777	4O.5
Total total developer services capex	£m	3	5.586	5.133	2.006	0.000	0.000	12.725	4O.6
Opex									
New connections	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4O.7
Requisition sewers	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4O.8
Infrastructure network reinforcement	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4O.9
s185 diversions	£m	3	0.385	0.353	0.138	0.000	0.000	0.876	4O.10
Other price controlled activities	£m	3	0.080	0.073	0.029	0.000	0.000	0.181	4O.11
Total developer services opex	£m	3	0.464	0.426	0.167	0.000	0.000	1.057	4O.12
Totex									
Total developer services expenditure	£m	3	6.050	5.559	2.173	0.000	0.000	13.782	4O.13

Section 4 Additional regulatory information – service level

Pro forma 4P

Expenditure on non-price control diversions for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water resources	Water network+	Wastewater network+	Total	RAG 4 reference
Capex							
Capex associated with NSWRA diversions	£m	3	0.000	0.000	0.000	0.000	4P.1
Capex associated with other non-price control diversions	£m	3	0.000	0.000	0.000	0.000	4P.2
Other developer services non-price control capex	£m	3	0.000	0.000	0.000	0.000	4P.3
Developer services non-price control capex	£m	3	0.000	0.000	0.000	0.000	4P.4
Opex							
Opex associated with NSWRA diversions	£m	3	0.000	3.163	0.525	3.688	4P.5
Opex associated with other non-price control diversions	£m	3	0.000	0.147	0.079	0.226	4P.6
Other developer services non-price control opex	£m	3	0.000	0.000	0.000	0.000	4P.7
Developer services non-price control opex	£m	3	0.000	3.310	0.603	3.914	4P.8
Totex							
Costs associated with NSWRA diversions	£m	3	0.000	3.163	0.525	3.688	4P.9
Costs associated with other non-price control diversions	£m	3	0.000	0.147	0.079	0.226	4P.10
Other developer services non-price control totex	£m	3	0.000	0.000	0.000	0.000	4P.11
Developer services non-price control totex	£m	3	0.000	3.310	0.603	3.914	4P.12

Section 4 Additional regulatory information – service level

Pro forma 4Q

Developer services for the 12 months ended 31 March 2024 – New connections, properties and mains

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Water	Wastewater	Total	RAG 4 reference
Connections volume data						
New connections (residential – excluding NAVs)	nr	0	13,376	25,562	38,938	4Q.1
New connections (business – excluding NAVs)	nr	0	536	1,024	1,560	4Q.2
Total new connections served by incumbent	nr	0	13,912	26,586	40,498	4Q.3
New connections – SLPs	nr	0	11,805			4Q.4
Properties volume data						
New properties (residential - excluding NAVs)	nr	0	20,343	19,936	40,279	4Q.5
New properties (business - excluding NAVs)	nr	0	763	748	1,511	4Q.6
Total new properties served by incumbent	nr	0	21,106	20,684	41,790	4Q.7
New residential properties served by NAVs	nr	0	4,511	2,256	6,767	4Q.8
New business properties served by NAVs	nr	0	0	0	0	4Q.9
Total new properties served by NAVs	nr	0	4,511	2,256	6,767	4Q.10
Total new properties	nr	0	25,617	22,939	48,556	4Q.11
New properties – SLP connections	nr	0	13,083			4Q.12
New water mains data						
Length of new mains (km) - requisitions	nr	0	15			4Q.13
Length of new mains (km) - SLPs	nr	0	88			4Q.14

Section 4 Additional regulatory information – service level

Pro forma 4R

Connected properties, customers and population

Keys to cells
- Input cell
- Calculation cell
- Copy cell

Line description	Units	DPs	Unmeasured	Measured	Total	Voids	RAG 4 reference
Customer numbers - average during the year							
Residential water only customers	000s	3	42.453	33.882	76.335	2.503	4R.1
Residential wastewater only customers	000s	3	22.820	61.471	84.291	3.994	4R.2
Residential water and wastewater customers	000s	3	1,565.325	1,507.961	3,073.286	117.740	4R.3
Total residential customers	000s	3	1,630.598	1,603.314	3,233.912	124.237	4R.4
Business water only customers	000s	3	0.693	22.886	23.579	2.857	4R.5
Business wastewater only customers	000s	3	1.878	17.835	19.713	15.124	4R.6
Business water & wastewater customers	000s	3	13.554	121.476	135.030	20.162	4R.7
Total business customers	000s	3	16.125	162.197	178.322	38.143	4R.8
Total customers	000s	3	1,646.723	1,765.511	3,412.234	162.380	4R.9

Line description	Units	Dps	Water			Wastewater			RAG 4 reference
			Unmeasured	Measured	Total	Unmeasured	Measured	Total	
Property numbers - average during the year									
Residential properties billed	000s	3	1,607.778	1,541.843	3,149.621	1,588.145	1,569.433	3,157.578	4R.10
Residential void properties	000s	3			120.243			121.734	4R.11
Total connected residential properties	000s	3			3,269.864			3,279.312	4R.12
Business properties billed	000s	3	14.246	144.362	158.608	15.432	139.311	154.743	4R.13
Business void properties	000s	3			23.020			35.287	4R.14
Total connected business properties	000s	3			181.628			190.030	4R.15
Total connected properties	000s	3			3,451.492			3,469.342	4R.16

Line description	Units	Dps	Water																RAG 4 reference
			Unmeasured						Measured						Unbilled				
			No meter	Basic meter	AMR meter	AMI meter (capable)	AMI meter (active)	Total	No meter	Basic meter	AMR meter	AMI meter (capable)	AMI meter (active)	Total	Uneconomic to bill	Other	Total	Total	
Property and meter numbers - at end of year (31 March)																			
Total new residential properties connected in year	000s	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.343	0.000	0.000	20.343				20.343	4R.17
Total number of new business properties connections	000s	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.763	0.000	0.000	0.763				0.763	4R.18
Residential properties billed at year end	000s	3	1,549.339	2.691	46.610	0.000	0.000	1,598.640	0.000	597.590	972.755	0.119	0.581	1,571.046				3,169.686	4R.19
Residential properties unbilled at year end	000s	3													0.000	0.000	0.000	0.000	4R.20
Residential void properties at year end	000s	3						60.341						52.853				113.194	4R.21
Total connected residential properties at year end	000s	3						1,658.981						1,623.899				3,282.880	4R.22
Business properties billed at year end	000s	3	15.171	0.000	0.000	0.000	0.000	15.171	0.000	86.623	58.195	0.000	0.000	144.818				159.989	4R.23
Business properties unbilled at year end	000s	3													0.000	0.000	0.000	0.000	4R.24
Business void properties at year end	000s	3						3.930						17.634				21.564	4R.25
Total connected business properties at year end	000s	3						19.101						162.452				181.553	4R.26
Total connected properties at year end	000s	3						1,678.082						1,786.351				3,464.433	4R.27

Line description	Units	DPs	Water	Wastewater	RAG 4 reference
Population data					
Resident population	000s	3	7,419.600	7,460.236	4R.28
Non-resident population (wastewater)	000s	3		322.418	4R.29

Household population data	Units	DPs	Water			RAG 4 reference
			Resident population	Non-resident population	Total	
Household population	000s	3	7,181.630		7,181.630	4R.30
Household measured population (water only)	000s	3	3,387.797		3,387.797	4R.31
Household unmeasured population (water only)	000s	3	3,793.833		3,793.833	4R.32

Section 4 Additional regulatory information – service level

Pro forma 4S

Green recovery expenditure for the 12 months ended 31 March 2024 - water resources and water network+

Keys to cells

Input cell
Calculation cell
Copy cell

Line description		Units	DPs	Expenditure in report year						Cumulative expenditure on schemes completed in the report year						RAG 4 reference
					Water network+						Water network+					
				Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	
Green recovery programme																
Accelerating partnerships to deliver natural solutions	Capex	£m	3	0.694	0.000	0.000	0.000	0.000	0.694	0.000	0.000	0.000	0.000	0.000	0.000	4S.1
Accelerating partnerships to deliver natural solutions	Opex	£m	3	0.272	0.000	0.000	0.000	0.000	0.272	0.000	0.000	0.000	0.000	0.000	0.000	4S.2
Accelerating partnerships to deliver natural solutions	Totex	£m	3	0.967	0.000	0.000	0.000	0.000	0.967	0.000	0.000	0.000	0.000	0.000	0.000	4S.3
Green recovery line 2	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.4
Green recovery line 2	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.5
Green recovery line 2	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.6
Green recovery line 3	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.7
Green recovery line 3	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.8
Green recovery line 3	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.9
Green recovery line 4	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.10
Green recovery line 4	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.11
Green recovery line 4	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4S.12
Total green recovery programme capex	Capex	£m	3	0.694	0.000	0.000	0.000	0.000	0.694	0.000	0.000	0.000	0.000	0.000	0.000	4S.13
Total green recovery programme opex	Opex	£m	3	0.272	0.000	0.000	0.000	0.000	0.272	0.000	0.000	0.000	0.000	0.000	0.000	4S.14
Total green recovery programme expenditure	Totex	£m	3	0.967	0.000	0.000	0.000	0.000	0.967	0.000	0.000	0.000	0.000	0.000	0.000	4S.15

Further detail can be found in the 'Green Recovery – Annual Progress Report' which can be found at:
unitedutilities.com/globalassets/documents/pdf/green-recovery-2024

Section 4 Additional regulatory information – service level

Pro forma 4T

Green recovery expenditure for the 12 months ended 31 March 2024 – wastewater network+ and bioresources

Keys to cells
- Input cell
- Calculation cell
- Copy cell

Line description		Units	DPs	Expenditure in report year									Cumulative expenditure on schemes completed in the report year									RAG 4 reference
				Wastewater network+					Bioresources				Wastewater network+					Bioresources				
				Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	
Green recovery programme																						
Accelerating partnerships to deliver natural solutions	Capex	£m	3	0.465	0.427	0.167	0.116	0.000	0.000	0.000	0.000	1.175	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.1
Accelerating partnerships to deliver natural solutions	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.2
Accelerating partnerships to deliver natural solutions	Totex	£m	3	0.465	0.427	0.167	0.116	0.000	0.000	0.000	0.000	1.175	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.3
AMP8 WINEP investments at Bury	Capex	£m	3	1.960	1.801	0.704	1.940	0.000	0.000	0.000	0.000	6.404	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.4
AMP8 WINEP investments at Bury	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.5
AMP8 WINEP investments at Bury	Totex	£m	3	1.960	1.801	0.704	1.940	0.000	0.000	0.000	0.000	6.404	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.6
Tackling storm overflows	Capex	£m	3	0.000	0.000	0.000	2.133	0.000	0.000	0.000	0.000	2.133	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.7
Tackling storm overflows	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.8
Tackling storm overflows	Totex	£m	3	0.000	0.000	0.000	2.133	0.000	0.000	0.000	0.000	2.133	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.9
Green recovery line 4	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.10
Green recovery line 4	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.11
Green recovery line 4	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.12
Total green recovery programme capex	Capex	£m	3	2.424	2.228	0.871	4.189	0.000	0.000	0.000	0.000	9.711	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.13
Total green recovery programme opex	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.14
Total green recovery programme expenditure	Totex	£m	3	2.424	2.228	0.871	4.189	0.000	0.000	0.000	0.000	9.711	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4T.15

Further detail can be found in the 'Green Recovery - Annual Progress Report' which can be found at:
unitedutilities.com/globalassets/documents/pdf/green-recovery-2024

Section 4 Additional regulatory information – service level

Pro forma 4U

Impact of Green Recovery on RCV

Keys to cells

Input cell
Calculation cell
Copy cell

	Units	DPs	12 months ended 31 March 2024				Price control period to date				RAG 4 reference
			Water resources	Water network plus	Wastewater network plus	Bioresources	Water resources	Water network plus	Wastewater network plus	Bioresources	
Totex - Green recovery											
Approved bid	£m	3	1.213	0.000	31.364		2.317	0.000	43.496		4U.1
Actual totex	£m	3	0.967	0.000	9.711		1.379	0.000	12.815		4U.2
Variance	£m	3	-0.246	0.000	-21.653		-0.938	0.000	-30.681		4U.3
Variance due to timing of expenditure	£m	3	-0.246	0.000	-21.653		-0.938	0.000	-30.681		4U.4
Variance due to efficiency	£m	3	0.000	0.000	0.000		0.000	0.000	-0.000		4U.5
Customer cost sharing rate - outperformance	%	2	90.00%	90.00%	90.00%		90.00%	90.00%	90.00%		4U.6
Customer cost sharing rate - underperformance	%	2	50.00%	50.00%	50.00%		50.00%	50.00%	50.00%		4U.7
Customer share of totex - outperformance	£m	3	-0.222	0.000	-19.488		-0.844	0.000	-27.613		4U.8
Customer share of totex - underperformance	£m	3	0.000	0.000	0.000		0.000	0.000	0.000		4U.9
Company share of totex - outperformance	£m	3	-0.025	0.000	-2.165		-0.094	0.000	-3.068		4U.10
Company share of totex - underperformance	£m	3	0.000	0.000	0.000		0.000	0.000	0.000		4U.11
Increase / decrease in shadow RCV	£m	3	0.991	0.000	11.877		1.473	0.000	15.883		4U.12
In period funding	£m	3	0.000	0.000	0.000		0.000	0.000	0.000		4U.13
Net increase / decrease in shadow RCV	£m	3	0.991	0.000	11.877		1.473	0.000	15.883		4U.14

Further detail can be found in the 'Green Recovery - Annual Progress Report' which can be found at:
unitedutilities.com/globalassets/documents/pdf/green-recovery-2024

Section 4 Additional regulatory information – service level

Pro forma 4V

Mark-to-market of financial derivatives analysed based on payment dates

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Derivatives - Analysed by earliest payment date				Derivatives - Analysed by expected maturity date				RAG 4 reference
			Net settled	Gross Settled outflows	Gross Settled inflows	Total	Net settled	Gross Settled outflows	Gross Settled inflows	Total	
Due within one year	£m	3	0.041	0.000	0.000	0.041	4.177	0.000	0.000	4.177	4V.1
Between one and two years	£m	3	3.140	213.924	-229.624	-12.560	7.355	102.294	-105.239	4.410	4V.2
Between two and three years	£m	3	-20.000	0.000	0.000	-20.000	-16.071	0.000	0.000	-16.071	4V.3
Between three and four years	£m	3	-14.891	123.468	-124.297	-15.720	-18.824	123.468	-124.297	-19.652	4V.4
Between four and five years	£m	3	-50.163	246.991	-354.614	-157.786	-50.160	246.991	-354.614	-157.783	4V.5
After five years	£m	3	62.577	980.751	-939.491	103.837	54.225	1,092.382	-1,063.876	82.731	4V.6
Total	£m	3	-19.297	1,565.135	-1,648.025	-102.188	-19.297	1,565.135	-1,648.025	-102.188	4V.7

Section 4 Additional regulatory information – service level

Pro forma 4W

Defined Benefit Pension Scheme – Additional Information

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Defined benefit pension schemes			RAG 4 reference
			Pension scheme 1	Pension scheme 2	Pension scheme 3	
Scheme details						
Scheme name	Text	n/a	United Utilities Pension Scheme ("UUPS")	United Utilities PLC Group of the Electricity Supply Pension Scheme ("ESPS")		4W.1
Scheme status	Text	n/a	Closed to new members; not closed to accrual of future defined benefits	Closed to new members; not closed to accrual of future defined benefits		4W.2
Scheme valuation under IAS/IFRS/FRS						
Scheme assets	£m	3	1,800.500	23.000		4W.3
Scheme liabilities	£m	3	1,607.200	21.000		4W.4
Scheme surplus / (deficit) Total	£m	3	193.300	2.000	0.000	4W.5
Scheme surplus / (deficit) Appointed business	£m	3	193.300	2.000		4W.6
Pension deficit recovery payments	£m	3	0.000	0.000		4W.7
Scheme valuation under part 3 of Pensions Act 2004						
Scheme funding valuation date	Date	n/a	31/3/2021	31/3/2021		4W.8
Assets	£m	3	2,887.280	79.669		4W.9
Technical Provisions	£m	3	2,769.641	78.439		4W.10
Scheme surplus / (deficit)	£m	3	117.639	1.230	0.000	4W.11
Discount rate assumptions	Text	n/a	Gilts+0.35%	Gilts+0.26%		4W.12
Recovery plan (where applicable)						
Recovery Plan Structure	Text	n/a	N/A as fully funded	N/A as fully funded		4W.13
Recovery plan end date	Date	n/a	n/a	n/a		4W.14
Asset Backed Funding (ABF) arrangements	Text	n/a	n/a	n/a		4W.15
Responsibility for ABF arrangements	Text	n/a	n/a	n/a		4W.16

Scheme valuation under part 3 of Pensions Act 2004

4W.8 Scheme funding valuation date
This is the date of the latest triennial actuarial valuation.

4W.9 Assets
As the participating employers are United Utilities Water Limited ('UUW') and United Utilities PLC ('UUPLC'), the asset figure presented reflects the proportion attributable to UUW only.

4W.10 Technical provisions
As the participating employers are United Utilities Water Limited ('UUW') and United Utilities PLC ('UUPLC'), the technical provisions figure presented reflects the proportion attributable to UUW only.

4W.12 Discount rate assumption
A single equivalent discount rate is shown for the ESPS scheme, expressed on a 'gilts plus' basis.

Section 4 Additional regulatory information – service level

Pro forma 4X

Accelerated infrastructure delivery project expenditure for the 12 months ended 31 March 2024 – water resources and water network+

Table 4X is not applicable to United Utilities, as there are no approved accelerated infrastructure delivery project schemes in Wholesale Water.

Section 4 Additional regulatory information – service level

Pro forma 4Y

Accelerated infrastructure delivery project expenditure for the 12 months ended 31 March 2024 - wastewater network+ and bioresources

Keys to cells

- Input cell
- Calculation cell
- Copy cell

Line description		Units	DPs	Expenditure in report year									Cumulative expenditure on schemes completed in the report year									RAG 4 reference
				Wastewater network+					Bioresources				Wastewater network+					Bioresources				
				Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	
Accelerated infrastructure delivery project																						
Scheme ENV2 - Accelerating habitats improvement in the Eden catchment	Capex	£m	3	0.000	0.000	0.000	0.107	0.000	0.000	0.000	0.000	0.107	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.1
Scheme ENV2 - Accelerating habitats improvement in the Eden catchment	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.2
Scheme ENV2 - Accelerating habitats improvement in the Eden catchment	Totex	£m	3	0.000	0.000	0.000	0.107	0.000	0.000	0.000	0.000	0.107	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.3
Scheme ENV4 - Reducing the frequency of storm overflow discharges in Windermere catchment	Capex	£m	3	0.705	0.648	0.253	0.000	0.000	0.000	0.000	0.000	1.606	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.4
Scheme ENV4 - Reducing the frequency of storm overflow discharges in Windermere catchment	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.5
Scheme ENV4 - Reducing the frequency of storm overflow discharges in Windermere catchment	Totex	£m	3	0.705	0.648	0.253	0.000	0.000	0.000	0.000	0.000	1.606	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.6
Scheme ENV10 - Bathing waters	Capex	£m	3	0.182	0.167	0.065	0.000	0.000	0.000	0.000	0.000	0.414	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.7
Scheme ENV10 - Bathing waters	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.8
Scheme ENV10 - Bathing waters	Totex	£m	3	0.182	0.167	0.065	0.000	0.000	0.000	0.000	0.000	0.414	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.9
Scheme ENV3 - Delivering improvements to storm overflows	Capex	£m	3	6.419	5.897	2.305	0.000	0.000	0.000	0.000	0.000	14.621	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.10
Scheme ENV3 - Delivering improvements to storm overflows	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.11
Scheme ENV3 - Delivering improvements to storm overflows	Totex	£m	3	6.419	5.897	2.305	0.000	0.000	0.000	0.000	0.000	14.621	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.12
Accelerated scheme 5	Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.13
Accelerated scheme 5	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.14
Accelerated scheme 5	Totex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.15
Total accelerated programme capex	Capex	£m	3	7.305	6.712	2.623	0.107	0.000	0.000	0.000	0.000	16.748	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.16
Total accelerated programme opex	Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.17
Total accelerated programme expenditure	Totex	£m	3	7.305	6.712	2.623	0.107	0.000	0.000	0.000	0.000	16.748	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4Y.18

Section 5 Additional regulatory information – water resources

Pro forma 5A

Water resources asset and volume data for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Input	RAG 4 reference
Water resources				
Water from impounding reservoirs	Ml/d	2	1,235.38	5A.1
Water from pumped storage reservoirs	Ml/d	2	0.00	5A.2
Water from river abstractions	Ml/d	2	613.32	5A.3
Water from groundwater works,excluding managed aquifer recharge (MAR) water supply schemes	Ml/d	2	132.64	5A.4
Water from artificial recharge (AR) water supply schemes	Ml/d	2	0.00	5A.5
Water from aquifer storage and recovery (ASR) water supply schemes	Ml/d	2	0.00	5A.6
Water from saline abstractions	Ml/d	2	0.00	5A.7
Water from water reuse schemes	Ml/d	2	0.00	5A.8
Number of impounding reservoirs	nr	0	46	5A.9
Number of pumped storage reservoirs	nr	0	0	5A.10
Number of river abstractions	nr	0	18	5A.11
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	nr	0	61	5A.12
Number of artificial recharge (AR) water supply schemes	nr	0	0	5A.13
Number of aquifer storage and recovery (ASR) water supply schemes	nr	0	0	5A.14
Number of saline abstraction schemes	nr	0	0	5A.15
Number of reuse schemes	nr	0	0	5A.16
Total number of sources	nr	0	125	5A.17
Total number of water reservoirs	nr	0	162	5A.18
Total volumetric capacity of water reservoirs	Ml	0	286,320	5A.19
Total number of intake and source pumping stations	nr	0	138	5A.20
Total installed power capacity of intake and source pumping stations	kW	0	25,167	5A.21
Total length of raw water abstraction mains and other conveyors	km	2	509.51	5A.22
Average pumping head – raw water abstraction	m.hd	2	8.59	5A.23
Energy consumption - water resources (MWh)	MWh	3	51,503.791	5A.24
Total number of raw water abstraction imports	nr	0	0	5A.25
Water imported from 3rd parties to raw water abstraction systems	Ml/d	2	0.00	5A.26
Total number of raw water abstraction exports	nr	0	1	5A.27
Water exported to 3rd parties from raw water abstraction systems	Ml/d	2	5.99	5A.28
Water resources capacity (measured using water resources yield)	Ml/d	2	2,316.81	5A.29
Total number of completed investigations (WINEP/NEP), cumulative for AMP	nr	0	25.00	5A.30

Section 5 Additional regulatory information – water resources

Pro forma 5B

Water resources operating cost analysis for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Impounding Reservoir	Pumped Storage	River Abstractions	Groundwater, excluding MAR water supply schemes	Artificial Recharge (AR) water supply schemes	Aquifer Storage and Recovery (ASR) water supply schemes	Other	Total	RAG 4 reference
Power	£m	3	0.110	0.000	4.485	4.512	0.000	0.000	0.455	9.562	5B.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5B.2
Abstraction charges/ discharge consents	£m	3	11.739	0.000	10.258	2.566	0.000	0.000	0.000	24.562	5B.3
Bulk supply	£m	3	0.116	0.000	0.000	0.000	0.000	0.000	0.000	0.116	5B.4
Other operating expenditure											
Renewals expensed in year (Infrastructure)	£m	3	12.754	0.000	0.000	0.000	0.000	0.000	0.000	12.754	5B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5B.6
Other operating expenditure excluding renewals	£m	3	8.561	0.000	1.785	2.255	0.000	0.000	0.000	12.601	5B.7
Local authority and Cumulo rates	£m	3	13.367	0.000	0.240	0.183	0.000	0.000	0.000	13.790	5B.8
Total operating expenditure (excluding 3rd party)	£m	3	46.647	0.000	16.768	9.516	0.000	0.000	0.455	73.387	5B.9

Section 6 Additional regulatory information – water network+

Pro forma 6A

Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2024

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Input		RAG 4 reference
Raw water transport and storage					
Total number of balancing reservoirs	nr	0	3		6A.1
Total volumetric capacity of balancing reservoirs	Ml	0	549		6A.2
Total number of raw water transport stations	nr	0	7		6A.3
Total installed power capacity of raw water transport pumping stations	kW	0	31,556		6A.4
Total length of raw water transport mains and other conveyors	km	2	960.20		6A.5
Average pumping head ~ raw water transport	m.hd	2	19.34		6A.6
Energy consumption – raw water transport (MWh)	MWh	3	45,091.568		6A.7
Total number of raw water transport imports	nr	0	0		6A.8
Water imported from 3rd parties to raw water transport systems	Ml/d	2	0.00		6A.9
Total number of raw water transport exports	nr	0	0		6A.10
Water exported to 3rd parties from raw water transport systems	Ml/d	2	0.00		6A.11
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	km	2	91.31		6A.12

Water treatment - treatment type analysis	Surface water Water treated	Surface water Number of works	Ground water Water treated	Ground water Number of works	
Units	Ml/d	nr	Ml/d	nr	
DPs	2	0	2	0	
All simple disinfection works	0.00	0	1.77	4	6A.13
W1 works	0.00	0	0.00	0	6A.14
W2 works	268.72	2	16.45	13	6A.15
W3 works	652.36	15	0.00	1	6A.16
W4 works	306.06	8	70.33	14	6A.17
W5 works	852.91	26	18.23	3	6A.18
W6 works	0.00	0	0.00	0	6A.19

Water treatment - works size	% of total DI	Number of works			
Units	DI	nr			
DPs	1	0			
WTWs in size band 1	0.3	7			6A.20
WTWs in size band 2	0.6	13			6A.21
WTWs in size band 3	2.3	19			6A.22
WTWs in size band 4	4.8	15			6A.23
WTWs in size band 5	5.7	12			6A.24
WTWs in size band 6	7.4	6			6A.25
WTWs in size band 7	19.5	8			6A.26
WTWs in size band 8	59.4	6			6A.27

Water treatment - other information	Units	DPs	Input		
Peak week production capacity (PWPC)	Ml/d	2	3,370.62		6A.28
Total peak week production capacity (PWPC) having enhancement expenditure for grey solution improvements to address raw water quality deterioration	Ml/d	2	0.00		6A.29
Total peak week production capacity (PWPC) having enhancement expenditure for green solutions improvements to address raw water quality deterioration	Ml/d	2	789.82		6A.30
Total water treated at more than one type of works	Ml/d	2	-353.01		6A.31
Number of treatment works requiring remedial action because of raw water deterioration	nr	0	3		6A.32
Zonal population receiving water treated with orthophosphate	000's	3	7,409.124		6A.33
Average pumping head – water treatment	m.hd	2	13.89		6A.34
Energy consumption - water treatment (MWh)	MWh	3	154,728.679		6A.35
Total number of water treatment imports	nr	0	0		6A.36
Water imported from 3rd parties to water treatment works	Ml/d	2	0.00		6A.37
Total number of water treatment exports	nr	0	0		6A.38
Water exported to 3rd parties from water treatment works	Ml/d	2	0.00		6A.39

Section 6 Additional regulatory information – water network+

Pro forma 6B

Treated water distribution – assets and operations for the 12 months ended 31 March 2024

Keys to cells
- Input cell
- Calculation cell
- Copy cell

Line description	Units	DPs	Input	RAG 4 reference
Assets and operations				
Total installed power capacity of potable water pumping stations	kW	0	88,358	6B.1
Total volumetric capacity of service reservoirs	Ml	1	3,527.1	6B.2
Total volumetric capacity of water towers	Ml	1	10.6	6B.3
Water delivered (non-potable)	Ml/d	2	57.55	6B.4
Water delivered (potable)	Ml/d	2	1,531.63	6B.5
Water delivered (billed measured residential properties)	Ml/d	2	442.63	6B.6
Water delivered (billed measured businesses)	Ml/d	2	362.28	6B.7
Proportion of distribution input derived from impounding reservoirs	Propn 0 to 1	3	0.387	6B.8
Proportion of distribution input derived from pumped storage reservoirs	Propn 0 to 1	3	0.000	6B.9
Proportion of distribution input derived from river abstractions	Propn 0 to 1	3	0.558	6B.10
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Propn 0 to 1	3	0.055	6B.11
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	Propn 0 to 1	3	0.000	6B.12
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	Propn 0 to 1	3	0.000	6B.13
Proportion of distribution input derived from saline abstractions	Propn 0 to 1	3	0.000	6B.14
Proportion of distribution input derived from water reuse schemes	Propn 0 to 1	3	0.000	6B.15
Total number of potable water pumping stations that pump into and within the treated water distribution system	nr	0	539	6B.16
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	nr	0	23	6B.17
Number of potable water pumping stations delivering surface water into the treated water distribution system	nr	0	62	6B.18
Number of potable water pumping stations that re-pump water already within the treated water distribution system	nr	0	454	6B.19
Number of potable water pumping stations that pump water imported from a 3rd party supply into the treated water distribution system	nr	0	0	6B.20
Total number of service reservoirs	nr	0	347	6B.21
Number of water towers	nr	0	4	6B.22
Energy consumption – treated water distribution (MWh)	MWh	3	85,850.385	6B.23
Average pumping head – treated water distribution	m.hd	2	61.65	6B.24
Total number of treated water distribution imports	nr	0	4	6B.25
Water imported from 3rd parties to treated water distribution systems	Ml/d	2	0.68	6B.26
Total number of treated water distribution exports	nr	0	105.00	6B.27
Water exported to 3rd parties from treated water distribution systems	Ml/d	2	1.70	6B.28
Peak 7 day rolling average distribution input	Ml/d	2	2,039.51	6B.29
Peak 7 day rolling average distribution input / annual average distribution input	%	2	111.00%	6B.30
Water balance - company level				
Measured household consumption (excluding supply pipe leakage)	Ml/d	2	404.48	6B.31
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	2	587.80	6B.32
Measured non-household consumption (excluding supply pipe leakage)	Ml/d	2	361.10	6B.33
Unmeasured non-household consumption (excluding supply pipe leakage)	Ml/d	2	13.35	6B.34
Total annual leakage	Ml/d	2	408.64	6B.35
Distribution system operational use	Ml/d	2	3.19	6B.36
Water taken unbilled	Ml/d	2	55.25	6B.37
Distribution input	Ml/d	2	1,833.80	6B.38
Distribution input (pre-MLE)	Ml/d	2	1,837.36	6B.39
Water balance - region 1				
Measured household consumption (excluding supply pipe leakage)	Ml/d	2		6B.40
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	2		6B.41
Measured non-household consumption (excluding supply pipe leakage)	Ml/d	2		6B.42
Unmeasured non-household consumption (excluding supply pipe leakage)	Ml/d	2		6B.43
Total annual leakage	Ml/d	2		6B.44
Distribution system operational use	Ml/d	2		6B.45
Water taken unbilled	Ml/d	2		6B.46
Distribution input	Ml/d	2		6B.47
Distribution input (pre-MLE)	Ml/d	2		6B.48
Water balance - region 2				
Measured household consumption (excluding supply pipe leakage)	Ml/d	2		6B.49
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	2		6B.50
Measured non-household consumption (excluding supply pipe leakage)	Ml/d	2		6B.51
Unmeasured non-household consumption (excluding supply pipe leakage)	Ml/d	2		6B.52
Total annual leakage	Ml/d	2		6B.53
Distribution system operational use	Ml/d	2		6B.54
Water taken unbilled	Ml/d	2		6B.55
Distribution input	Ml/d	2		6B.56
Distribution input (pre-MLE)	Ml/d	2		6B.57
Components of total leakage (post MLE) - company level				
Leakage upstream of DMA	Ml/day	2	38.33	6B.58
87 Distribution main losses	Ml/day	2	260.66	6B.59
Customer supply pipe losses – measured households excluding void properties	Ml/day	2	38.15	6B.60
Customer supply pipe losses – unmeasured households excluding void properties	Ml/day	2	64.05	6B.61
Customer supply pipe losses – measured non-households excluding void properties	Ml/day	2	1.18	6B.62
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/day	2	0.57	6B.63
Customer supply pipe losses – void measured households	Ml/day	2	2.30	6B.64
Customer supply pipe losses – void unmeasured households	Ml/day	2	2.49	6B.65
Customer supply pipe losses – void measured non-households	Ml/day	2	0.76	6B.66
Customer supply pipe losses – void unmeasured non-households	Ml/day	2	0.16	6B.67
Components of total leakage (post MLE) - region 1				
Leakage upstream of DMA	Ml/day	2		6B.68
Distribution main losses	Ml/day	2		6B.69
Customer supply pipe losses – measured households excluding void properties	Ml/day	2		6B.70
Customer supply pipe losses – unmeasured households excluding void properties	Ml/day	2		6B.71
Customer supply pipe losses – measured non-households excluding void properties	Ml/day	2		6B.72
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/day	2		6B.73
Customer supply pipe losses – void measured households	Ml/day	2		6B.74
Customer supply pipe losses – void unmeasured households	Ml/day	2		6B.75
Customer supply pipe losses – void measured non-households	Ml/day	2		6B.76
Customer supply pipe losses – void unmeasured non-households	Ml/day	2		6B.77
Components of total leakage (post MLE) - region 2				
Leakage upstream of DMA	Ml/day	2		6B.78
Distribution main losses	Ml/day	2		6B.79
Customer supply pipe losses – measured households excluding void properties	Ml/day	2		6B.80
Customer supply pipe losses – unmeasured households excluding void properties	Ml/day	2		6B.81
Customer supply pipe losses – measured non-households excluding void properties	Ml/day	2		6B.82
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/day	2		6B.83
Customer supply pipe losses – void measured households	Ml/day	2		6B.84
Customer supply pipe losses – void unmeasured households	Ml/day	2		6B.85
Customer supply pipe losses – void measured non-households	Ml/day	2		6B.86
Customer supply pipe losses – void unmeasured non-households	Ml/day	2		6B.87

Section 6 Additional regulatory information – water network+

Pro forma 6C

Water network+ – Mains communication pipes and other data for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Input	RAG 4 reference
Treated water distribution - mains analysis				
Total length of potable mains as at 31 March	km	1	43,032.3	6C.1
Total length of potable mains relined	km	1	0.0	6C.2
Total length of potable mains renewed	km	1	21.0	6C.3
Total length of new potable mains	km	1	107.7	6C.4
Total length of potable water mains (≤320mm)	km	1	39,357.5	6C.5
Total length of potable water mains (>320mm and ≤ 450mm)	km	1	1,230.6	6C.6
Total length of potable water mains (>450mm and ≤610mm)	km	1	1,016.7	6C.7
Total length of potable water mains (> 610mm)	km	1	1,427.5	6C.8
Treated water distribution - mains age profile				
Total length of potable mains laid or structurally refurbished pre-1880	km	1	885.0	6C.9
Total length of potable mains laid or structurally refurbished between 1881 and 1900	km	1	625.3	6C.10
Total length of potable mains laid or structurally refurbished between 1901 and 1920	km	1	1,837.3	6C.11
Total length of potable mains laid or structurally refurbished between 1921 and 1940	km	1	5,361.2	6C.12
Total length of potable mains laid or structurally refurbished between 1941 and 1960	km	1	3,752.8	6C.13
Total length of potable mains laid or structurally refurbished between 1961 and 1980	km	1	6,681.9	6C.14
Total length of potable mains laid or structurally refurbished between 1981 and 2000	km	1	13,886.5	6C.15
Total length of potable mains laid or structurally refurbished between 2001 and 2020	km	1	9,594.8	6C.16
Total length of potable mains laid or structurally refurbished post during and after 2021	km	1	407.5	6C.17
Communication pipes				
Number of lead communication pipes	nr	0	501,832	6C.18
Number of galvanised iron communication pipes	nr	0	737	6C.19
Number of other communication pipes	nr	0	2,596,152	6C.20
Number of lead communication pipes replaced or relined for water quality	nr	0	4,589	6C.21
Other				
Company area	km^2	0	15,045	6C.22
Compliance Risk Index	nr	2	6.00	6C.23
Event Risk Index	nr	0	206	6C.24
Properties below reference level at end of year	nr	0	125	6C.25

Section 6 Additional regulatory information – water network+

Pro forma 6D

Demand management – Metering and leakage activities for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Basic meter	AMR meter	AMI meter	RAG 4 reference
Metering activities - Totex expenditure						
New optant meter installation for existing customers	£m	3	0.000	10.772	0.000	6D.1
New selective meter installation for existing customers	£m	3	0.000	8.185	0.000	6D.2
New business meter installation for existing customers	£m	3	0.005	0.058	0.000	6D.3
Residential meters renewed	£m	3	0.000	3.759	0.503	6D.4
Business meters renewed	£m	3	0.017	2.100	0.000	6D.5
Metering activities - Explanatory variables						
New optant meters installed for existing customers	000s	3	0.000	24.926	0.000	6D.6
New selective meters installed for existing customers	000s	3	0.000	18.868	0.000	6D.7
New business meters installed for existing customers	000s	3	0.008	0.184	0.000	6D.8
Residential meters renewed	000s	3	0.000	10.573	0.734	6D.9
Business meters renewed	000s	3	0.021	2.603	0.000	6D.10
Replacement of basic meters with smart meters for residential customers	000s	3		6.645	0.510	6D.11
Replacement of AMR meter with AMI meters for residential customers	000s	3			0.224	6D.12
Replacement of basic meters with smart meters for business customers	000s	3		0.056	0.000	6D.13
Replacement of AMR meter with AMI meters for business customers	000s	3			0.000	6D.14
New residential meters installed for existing customers – supply-demand balance benefit	Ml/d	2	0.00	1.33	0.00	6D.15
New business meters installed for existing customers – supply-demand balance benefit	Ml/d	2	0.00	0.00	0.00	6D.16
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	Ml/d	2		0.00	0.01	6D.17
Replacement of AMR meter with AMI meter for residential customers– supply-demand balance benefit	Ml/d	2			0.00	6D.18
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	Ml/d	2		0.00	0.00	6D.19
Replacement of AMR meter with AMI meter for business customers– supply-demand balance benefit	Ml/d	2			0.00	6D.20
Residential properties - meter penetration	%	1	18.9	30.7	0.0	6D.21

Leakage activities	Units	DPs	Maintaining leakage	Reducing leakage	Total	RAG 4 reference
Total leakage activity	£m	3	94.166	7.234	101.399	6D.22
Leakage improvements delivering benefits in 2020-25	Ml/d	2			14.37	6D.23
Per capita consumption (excluding supply pipe leakage)						
Per capita consumption (measured)	l/h/d	2	119.39			6D.24
Per capita consumption (unmeasured)	l/h/d	2	154.94			6D.25

Section 6 Additional regulatory information – water network+

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Pro forma 6F

WRMP annual reporting on delivery - non-leakage activities

			Capital expenditure						Opex costs						Benefits						Complete for internal interconnectors only					
Line Description	Classification	Delivery year (in use)	2020-21	2021-22	2022-23	2023-24	2024-25	After 2024-25	2020-21	2021-22	2022-23	2023-24	2024-25	After 2024-25	2020-21	2021-22	2022-23	2023-24	2024-25	After 2024-25	Length	Diameter	Pipe material	Pumping capacity installed	Storage capacity installed	RAG 4 reference
Units	Text	Year	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	km	mm	Text	kW	m3	
DPs	0	0	3	3	3	3	3	3	3	3	3	3	3	3	2	2	2	2	2	2	1	1	0	0	3	
Activity																										
West Cumbria Future Strategy	Demand-side improvements delivering benefits in 2020-25 (excl leakage and metering)	2022-23	13.972	31.090	26.522	0.620	5.639	0.266	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0	0	0.000	6F.1
Southport DMZ	Demand-side improvements delivering benefits in 2020-25 (excl leakage and metering)	2020-21	2.531	1.472	0.108	0.006	-0.020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0	0	0.000	6F.2
Springfield Bickerstaffe AMP7 works	Demand-side improvements delivering benefits in 2020-25 (excl leakage and metering)	N/A	0.546	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0	0	0.000	6F.3
Alston Spade Mill Transfer Pipeline	Demand-side improvements delivering benefits in 2020-25 (excl leakage and metering)	2022-23	1.408	13.313	1.934	0.668	0.121	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	12.00	12.00	12.00	12.00	9.7	630.0	PE	0	0.000	6F.4
South Egremont groundwater S&D 6.4Ml	Demand-side improvements delivering benefits in 2020-25 (excl leakage and metering)	2019-20	0.007	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0	0	0.000	6F.5
Southport DMZ WTW(RoyalOakWTW & PS)	Supply-side improvements delivering benefits in 2020-25	2020-21	0.000	0.000	-0.017	0.012	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0	0	0.000	6F.6
Woodford BH to Hazel Grove Resilience	Supply-side improvements delivering benefits in 2020-25	N/A	0.005	0.050	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0	0	0.000	6F.7
Williamsgate WTW - Sludge Treatment	Supply-side improvements delivering benefits in 2020-25	2022-23	4.150	3.860	1.036	0.010	0.002	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0	0	0.000	6F.8
West to East Link Main and 150 Project	Internal interconnectors delivering benefits in 2020-25	2024-25	0.685	0.011	2.140	5.424	0.868	0.009	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.00	0.00	14.50	29.00	29.00	0.0	0.0	0	0	0.000	6F.9
Water Efficiency Opex	Demand-side improvements delivering benefits in 2020-25 (excl leakage and metering)	N/A	0.000	0.000	0.000	0.000	0.000	0.000	0.228	0.204	0.133	0.000	0.000	0.000	0.49	0.51	0.48	0.37	0.28	0.21	0.0	0.0	0	0	0.000	6F.10
Total			23.305	49.798	31.724	6.741	6.611	0.275	0.228	0.204	0.133	0.000	0.000	0.000	0.49	0.51	12.48	26.87	41.28	41.21	9.7			0	0.000	6F.51

Lines 6F.11-6F.50 are unused freeform lines.

Section 7 Additional regulatory information – wastewater network+

Pro forma 7A

Wastewater network+ – Functional expenditure for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	£'000	RAG 4 reference
Costs of STWs in size bands 1 to 5				
Direct costs of STWs in size band 1	000s	3	9,390.195	7A.1
Direct costs of STWs in size band 2	000s	3	4,585.651	7A.2
Direct costs of STWs in size band 3	000s	3	6,387.124	7A.3
Direct costs of STWs in size band 4	000s	3	9,481.533	7A.4
Direct costs of STWs in size band 5	000s	3	11,162.809	7A.5
General & support costs of STWs in size bands 1 to 5	000s	3	3,465.345	7A.6
Functional expenditure of STWs in size bands 1 to 5 (excluding 3rd party services)	000s	3	44,472.657	7A.7
Costs of large STWs (size band 6)				
Service charges for STWs in size band 6	000s	3	2,240.351	7A.8
Estimated terminal pumping costs size band 6 works	000s	3	7,296.668	7A.9
Other direct costs of STWs in size band 6	000s	3	122,232.520	7A.10
Direct costs of STWs in size band 6	000s	3	131,769.539	7A.11
General & support costs of STWs in size band 6	000s	3	9,603.877	7A.12
Functional expenditure of STWs in size band 6 (excluding 3rd party services)	000s	3	141,373.416	7A.13
Costs of STWs - all sizes				
Total operating functional expenditure (excluding 3rd party services)	000s	3	185,846.073	7A.14

Section 7 Additional regulatory information – wastewater network+

Pro forma 7B

Wastewater network+ – Large sewage treatment works for the 12 months ended 31 March 2024

Table is provided within the APR tables file at:
unitedutilities.com/globalassets/documents/pdf/apr-tables-2024

Section 7 Additional regulatory information – wastewater network+

Keys to cells

Input cell
Calculation cell
Copy cell

Pro forma 7C

Wastewater network+ – Sewer and volume data for the 12 months ended 31 March 2024

Line description	Units	DPs	Input	RAG 4 reference
Wastewater network (as at 31 March)				
Connectable properties served by s101A schemes completed in the report year	nr	0	3	7C.1
Number of s101A schemes delivered in the report year	nr	0	1	7C.2
Total pumping station capacity	kW	0	105,385	7C.3
Number of network pumping stations	nr	0	2,765	7C.4
Total number of sewer blockages	nr	0	17,986	7C.5
Total number of gravity sewer collapses	nr	0	1,030	7C.6
Total number of sewer rising main bursts	nr	0	59	7C.7
Number of combined sewer overflows	nr	0	2,075	7C.8
Number of emergency overflows - sewage pumping stations	nr	0	645	7C.9
Number of settled storm overflows	nr	0	191	7C.10
Sewer age profile (constructed post 2001)	km	0	1,612	7C.11
Volume of trade effluent	Ml/yr	2	46,635.88	7C.12
Volume of wastewater receiving treatment at sewage treatment works	Ml/yr	2	1,336,967.31	7C.13
Length of gravity sewers rehabilitated	km	0	18	7C.14
Length of rising mains replaced or structurally refurbished	km	0	1	7C.15
Length of foul (only) public sewers	km	0	7,384	7C.16
Length of surface water (only) public sewers	km	0	10,767	7C.17
Length of combined public sewers	km	0	22,817	7C.18
Length of rising mains	km	0	1,177	7C.19
Length of other wastewater network pipework	km	0	431	7C.20
Total length of "legacy" public sewers as at 31 March	km	0	42,576	7C.21
Length of formerly private sewers and lateral drains (s105A sewers)	km	0	36,565	7C.22
Storm overflows - additional reporting (as at 1 January)				
Number of combined sewer overflows (as at 1 January)	nr	0	2,089	7C.23
Number of settled storm overflows (as at 1 January)	nr	0	191	7C.24
Number of storm overflows - other (as at 1 January)	nr	0	0	7C.25
Number of storm overflows - pending investigation (as at 1 January)	nr	0	85	7C.26
Number of permitted storm overflows closed in the previous reporting year (as at 1 January)	nr	0	1	7C.27
Number of storm overflows - consistent with PR24 performance commitment definition	nr	0	2,366	7C.28
Number of storm overflows closed in the previous reporting year - (as at 1 January)	nr	0	7	7C.29
Number of storm overflows with event duration monitors installed (as at 1 January)	nr	0	2,000	7C.30
Proportion of the time that event duration monitors on storm overflows were operational (from 1 January to 31 December)	%	2	97.04%	7C.31
Number of spills from storm overflows (from 1 January to 31 December)	nr	0	97,537	7C.32
Emergency overflows - additional reporting (as at 1 January)				
Number of emergency overflows - sewage pumping stations (as at 1 January)	nr	0	645	7C.33
Number of emergency overflows - network (as at 1 January)	nr	0	1	7C.34
Number of emergency overflows - other (as at 1 January)	nr	0	0	7C.35
Number of emergency overflows - all (as at 1 January)	nr	0	646	7C.36
Number of emergency overflows with event duration monitors installed (as at 1 January)	nr	0	17	7C.37
Number of emergency overflows with an MCERTS certified event duration monitors installed (as at 1 January)	nr	0	0	7C.38
Proportion of the time that event duration monitors on emergency overflows were operational (from 1 January to 31 December)	%	2	99.41%	7C.39
Number of spills from emergency overflows (from 1 January to 31 December)	nr	0	428	7C.40

Section 7 Additional regulatory information – wastewater network+

Pro forma 7D

Wastewater network+ – Sewage treatment works data for the 12 months ended 31 March 2024

Keys to cells
- Input cell
- Calculation cell
- Copy cell

Treatment categories

Line description	Units	DPs	Primary	Secondary: Activated Sludge	Secondary: Biological	Tertiary: A1	Tertiary: A2	Tertiary: B1	Tertiary: B2	Total	RAG 4 reference
Load received at sewage treatment works											
Load received by STWs in size band 1	kg BOD_5/day	0	347	320	1,276	47	85	109	68	2,252	7D.1
Load received by STWs in size band 2	kg BOD_5/day	0	18	264	1,176	0	0	157	58	1,672	7D.2
Load received by STWs in size band 3	kg BOD_5/day	0	0	454	2,096	0	319	520	615	4,005	7D.3
Load received by STWs in size band 4	kg BOD_5/day	0	0	1,796	4,639	425	1,916	1,758	5,752	16,287	7D.4
Load received by STWs in size band 5	kg BOD_5/day	0	0	887	1,518	0	7,801	1,355	22,338	33,898	7D.5
Load received by STWs above size band 5	kg BOD_5/day	0	0	128,604	18,479	19,311	226,973	1,656	91,681	486,704	7D.6
Total load received	kg BOD_5/day	0	365	132,325	29,183	19,782	237,095	5,556	120,512	544,818	7D.7
Load received from trade effluent customers at treatment works	kg BOD_5/day	0								77,861	7D.8
Number of sewage treatment works											
STWs in size band 1	nr	0	92	29	172	4	3	11	4	315	7D.9
STWs in size band 2	nr	0	1	10	46	0	0	6	2	65	7D.10
STWs in size band 3	nr	0	0	8	31	0	3	9	8	59	7D.11
STWs in size band 4	nr	0	0	4	15	2	6	5	18	50	7D.12
STWs in size band 5	nr	0	0	1	1	0	7	1	22	32	7D.13
STWs above size band 5	nr	0	0	13	4	5	23	1	16	62	7D.14
Total number of works	nr	0	93	65	269	11	42	33	70	583	7D.15
Population equivalent											
Current population equivalent served by STWs	000s	3	8,857.814								7D.16
Current population equivalent served by STWs with tightened/new P consents	000s	3	536.128								7D.17
Current population equivalent served by STWs with tightened/new N consents	000s	3	0.000								7D.18
Current population equivalent served by STWs with tightened/new sanitary parameter consents	000s	3	7.448								7D.19
Current population equivalent served by STWs with tightened/new microbiological treatment consents (for example UV, ozone etc)	000s	3	0.000								7D.20
Population equivalent treatment capacity enhancement	000s	3	48.156								7D.21
Current population equivalent served by STWs with tightened/new consents for chemicals or other hazardous substances.	000s	3	0.000								7D.22

Treatment works consents – Phosphorus

Line description	<=0.5mg/l	>0.5 to <=1mg/l	>1mg/l	No permit	Total	RAG 4 reference
Load received by STWs in size band 1	10	12	119	2,111	2,252	7D.1
Load received by STWs in size band 2	0	0	125	1,547	1,672	7D.2
Load received by STWs in size band 3	158	306	268	3,273	4,005	7D.3
Load received by STWs in size band 4	3,635	1,300	1,084	10,268	16,287	7D.4
Load received by STWs in size band 5	2,570	3,503	16,570	11,254	33,898	7D.5
Load received by STWs above size band 5	8,033	125,880	54,090	298,701	486,704	7D.6
Total load received	14,405	131,002	72,257	327,154	544,818	7D.7
Load received from trade effluent customers at treatment works						7D.8
STWs in size band 1	1	1	5	308	315	7D.9
STWs in size band 2	0	0	5	60	65	7D.10
STWs in size band 3	1	4	5	49	59	7D.11
STWs in size band 4	8	4	5	33	50	7D.12
STWs in size band 5	3	3	15	11	32	7D.13
STWs above size band 5	2	14	14	32	62	7D.14
Total number of works	15	26	49	493	583	7D.15

Treatment works consents – BOD5

Line description	<=7mg/l	>7 to <=10mg/l	>10 to <=20mg/l	>20mg/l	No permit	Total	RAG 4 reference
Load received by STWs in size band 1	0	0	55	1,078	1,119	2,252	7D.1
Load received by STWs in size band 2	0	0	67	1,431	174	1,672	7D.2
Load received by STWs in size band 3	85	117	192	3,610	0	4,005	7D.3
Load received by STWs in size band 4	0	1,107	3,038	11,600	542	16,287	7D.4
Load received by STWs in size band 5	1,823	6,607	7,604	17,864	0	33,898	7D.5
Load received by STWs above size band 5	29,645	64,247	187,603	205,209	0	486,704	7D.6
Total load received	31,553	72,079	198,560	240,792	1,835	544,818	7D.7
Load received from trade effluent customers at treatment works							7D.8
STWs in size band 1	0	0	7	82	226	315	7D.9
STWs in size band 2	0	0	3	53	9	65	7D.10
STWs in size band 3	1	3	2	53	0	59	7D.11
STWs in size band 4	0	4	10	35	1	50	7D.12
STWs in size band 5	2	7	7	16	0	32	7D.13
STWs above size band 5	2	12	19	29	0	62	7D.14
Total number of works	5	26	48	268	236	583	7D.15

Treatment works consents – Ammonia

Line description	<=1mg/l	>1 to <=3mg/l	>3 to <=10mg/l	>10mg/l	No permit	Total	RAG 4 reference
Load received by STWs in size band 1	0	9	81	339	1,823	2,252	7D.1
Load received by STWs in size band 2	0	0	161	312	1,200	1,672	7D.2
Load received by STWs in size band 3	0	213	986	620	2,185	4,005	7D.3
Load received by STWs in size band 4	1,020	3,042	2,557	3,263	6,406	16,287	7D.4
Load received by STWs in size band 5	4,270	7,950	13,941	6,079	1,658	33,898	7D.5
Load received by STWs above size band 5	106,637	133,697	121,723	24,991	99,657	486,704	7D.6
Total load received	111,927	144,910	139,449	35,602	112,929	544,818	7D.7
Load received from trade effluent customers at treatment works							7D.8
STWs in size band 1	0	1	8	27	279	315	7D.9
STWs in size band 2	0	0	6	12	47	65	7D.10
STWs in size band 3	0	4	14	10	31	59	7D.11
STWs in size band 4	2	11	9	8	20	50	7D.12
STWs in size band 5	4	8	13	5	2	32	7D.13
STWs above size band 5	6	20	19	6	11	62	7D.14
Total number of works	12	44	69	68	390	583	7D.15

Section 7 Additional regulatory information – wastewater network+

Keys to cells

Input cell
Calculation cell
Copy cell

Pro forma 7E

Wastewater network+ – Other data including energy consumption and scheme delivery for the 12 months ended 31 March 2024

Line description	Units	DPs	Input	RAG 4 reference
Other				
Total sewerage catchment area	km^2	0	2,151	7E.1
Designated bathing waters (inland and coastal)	nr	0	25	7E.2
Number of intermittent discharge event duration monitoring	nr	0	29	7E.3
Number of monitors for flow monitoring at STWs	nr	0	29	7E.4
Number of odour related complaints	nr	0	853	7E.5
Energy consumption				
Energy consumption - sewage collection	MWh	3	52,133.630	7E.6
Energy consumption - sewage treatment	MWh	3	469,011.790	7E.7
Energy consumption - wastewater network +	MWh	3	521,145.420	7E.8
Scheme delivery				
Cumulative shortfall in FFT addressed by WINEP / NEP schemes to increase STW capacity	l/s	3	0.000	7E.9
Number of sites with an increase in sewage treatment works capacity delivered to address a shortfall in FFT	nr	0	0	7E.10
Additional storm tank capacity provided at sewage treatment works (grey infrastructure)	m^3	3	0.000	7E.11
Additional effective storm storage capacity at sewage treatment works (green infrastructure)	m^3	3	0.000	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m^3	3	2,500.000	7E.13
Additional effective storage in the network delivered through green infrastructure	m^3	3	0.000	7E.14
Total number of sewage treatment works sites where additional storage has been delivered (grey infrastructure)	nr	0	0	7E.15
Number of sewage treatment works sites where additional storage has been delivered with pumping (grey infrastructure)	nr	0	0	7E.16
Number of sewage treatment works benefitting from green infrastructure replacing the need for storm tank storage	nr	0	0	7E.17
Number of sites delivering additional network storage (grey infrastructure)	nr	0	1	7E.18
Number of sites delivering additional network storage including pumping (grey infrastructure)	nr	0	1	7E.19
Number of sites delivering additional network storage through green infrastructure	nr	0	0	7E.20
Surface water separation drainage area removed	m^2	0	19,244	7E.21
Number of schemes delivered to meet tightened or new sanitary consents	nr	0	3	7E.22
Number of installations requiring civils for flow monitoring at sewage treatment works	nr	0	15	7E.23
Number of installations requiring civils for event duration monitoring at intermittent discharges	nr	0	6	7E.24
Number of storm overflows where improvements have been made to reduce harm or reduce spill frequencies	nr	0	2	7E.25

Section 7 Additional regulatory information – wastewater network+

Pro forma 7F

Wastewater network+ – WINEP phosphorus removal scheme costs and cost drivers for the 12 months ended 31 March 2024

Table is provided within the APR tables file at:
unitedutilities.com/globalassets/documents/pdf/apr-tables-2024

Section 8 Additional regulatory information – wastewater network+

Keys to cells

Input cell
Calculation cell
Copy cell

Pro forma 8A

Bioresources sludge data for the 12 months ended 31 March 2024

Line description	Units	DPs	Total	RAG 4 reference
Total sewage sludge produced, treated by incumbents	ttds/ year	1	202.1	8A.1
Total sewage sludge produced, treated by 3rd party sludge service provider	ttds/ year	1	1.3	8A.2
Total sewage sludge produced	ttds/ year	1	203.4	8A.3
Total sewage sludge produced from non-appointed liquid waste treatment	ttds/ year	1	2.3	8A.4
Percentage of sludge produced and treated at a site of STW and STC co-location	%	2	29.03	8A.5
Total sewage sludge disposed by incumbents	ttds/ year	1	68.6	8A.6
Total sewage sludge disposed by 3rd party sludge service provider	ttds/ year	1	22.1	8A.7
Total sewage sludge disposed	ttds/ year	1	90.7	8A.8
Total measure of intersiting 'work' done by pipeline	ttds*km/year	0	1,977	8A.9
Total measure of intersiting 'work' done by tanker	ttds*km/year	0	1,489	8A.10
Total measure of intersiting 'work' done by truck	ttds*km/year	0	3,582	8A.11
Total measure of intersiting 'work' done (all forms of transportation)	ttds*km/year	0	7,048	8A.12
Total measure of intersiting 'work' done by tanker (by volume transported)	m^3*km/yr	0	52,861,646	8A.13
Total measure of 'work' done in sludge disposal operations by pipeline	ttds*km/year	0	0	8A.14
Total measure of 'work' done in sludge disposal operations by tanker	ttds*km/year	0	0	8A.15
Total measure of 'work' done in sludge disposal operations by truck	ttds*km/year	0	15,039	8A.16
Total measure of 'work' done in sludge disposal operations (all forms of transportation)	ttds*km/year	0	15,039	8A.17
Total measure of 'work' done by tanker in sludge disposal operations (by volume transported)	m^3*km/yr	0	0	8A.18
Chemical P sludge as % of sludge produced at STWs	%	2	39.71	8A.19

Section 8 Additional regulatory information – wastewater network+

Pro forma 8B

Bioresources operating expenditure analysis for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Pipeline	Tanker	Truck	Total	RAG 4 reference
Sludge transport method							
Power	£m	3	0.030	0.000	0.000	0.030	8B.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	8B.2
Discharge consents	£m	3	0.000	0.000	0.000	0.000	8B.3
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	8B.4
Other operating expenditure							
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	8B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	8B.6
Other operating expenditure excluding renewals	£m	3	0.269	12.401	2.024	14.694	8B.7
Total functional expenditure	£m	3	0.299	12.401	2.024	14.724	8B.8
Local authority and Cumulo rates	£m	3	0.002	0.103	0.017	0.122	8B.9
Total operating expenditure (excluding 3rd party)	£m	3	0.301	12.504	2.041	14.846	8B.10

Line description	Units	DPs	Untreated Sludge	Raw Sludge liming	Conventional AD	Incineration of raw sludge	Photo-conditioning/ composting	Advanced Anaerobic Digestion	Other	Total	
Sludge treatment type											
Power	£m	3	0.000	0.244	-8.119	0.000	0.000	-6.691	1.855	-12.712	8B.11
Income treated as negative expenditure	£m	3	0.000	0.000	-2.844	0.000	0.000	-10.959	0.000	-13.803	8B.12
Discharge consents	£m	3	0.000	0.003	0.099	0.000	0.000	0.147	0.004	0.253	8B.13
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.14
Other operating expenditure											
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	-0.070	-0.070	8B.15
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.16
Other operating expenditure excluding renewals	£m	3	0.000	0.762	10.413	0.000	0.000	36.101	8.733	56.009	8B.17
Total functional expenditure	£m	3	0.000	1.009	-0.451	0.000	0.000	18.598	10.521	29.677	8B.18
Local authority and Cumulo rates	£m	3	0.000	0.136	2.654	0.000	0.000	2.940	0.485	6.215	8B.19
Total operating expenditure (excluding 3rd party)	£m	3	0.000	1.145	2.203	0.000	0.000	21.538	11.007	35.892	8B.20

Line description	Units	DPs	Landfill, raw	Landfill, partly treated	Land restoration/ reclamation	Sludge recycled to farmland	Incineration of digested Sludge	Other	Total	
Sludge disposal route										
Power	£m	3	0.000	0.000	0.010	0.034	0.000	0.001	0.046	8B.21
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.22
Discharge consents	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.23
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.24
Other operating expenditure										
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.25
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.26
Other operating expenditure excluding renewals	£m	3	0.000	0.000	2.338	7.647	0.000	0.234	10.219	8B.27
Total functional expenditure	£m	3	0.000	0.000	2.349	7.681	0.000	0.235	10.265	8B.28
Local authority and Cumulo rates	£m	3	0.000	0.000	0.000	0.000	0.740	0.000	0.740	8B.29
Total operating expenditure (excluding 3rd party)	£m	3	0.000	0.000	2.349	7.681	0.740	0.235	11.005	8B.30

Section 8 Additional regulatory information – wastewater network+

Pro forma 8C

Bioresources energy and liquors analysis for the 12 months ended 31 March 2024

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Electricity MWh (0 DPs)	Heat MWh (0 DPs)	Biomethane MWh (0 DPs)	Total MWh (0 DPs)	Electricity £m (3 DPs)	Heat £m (3 DPs)	Biomethane £m (3 DPs)	Total £m (3 DPs)	RAG 4 reference
Energy											
Energy consumption - bioresources	SE Column Headings	SE Column Headings	48,522	142,042	6,211	236,215	11.152	9.788	0.340	21.280	8C.1
Energy generated by and used in bioresources control	SE Column Headings	SE Column Headings	32,912	105,180	0	138,092	7.396	7.624	0.000	15.020	8C.2
Energy generated by bioresources and used in network plus control	SE Column Headings	SE Column Headings	80,152	0	0	80,152	18.557	0.000	0.000	18.557	8C.3
Energy generated by bioresources and exported to the grid or third party	SE Column Headings	SE Column Headings	7,351	0	46,230	53,581	0.686	0.000	1.137	1.823	8C.4
Energy generated by bioresources that is unused	SE Column Headings	SE Column Headings	0	52,923	0	52,923					8C.5
Energy bought from grid or third party and used in bioresources control	SE Column Headings	SE Column Headings	15,610	36,862	6,211	58,684	3.756	2.164	0.340	6.260	8C.6

Income from renewable energy subsidies	Unit	DPs	Value	RAG 4 reference
Income claimed from Renewable Energy Certificates (ROCs)	£m	3	-7.383	8C.7
Income claimed from Renewable Heat Incentives (RHIs)	£m	3	-2.949	8C.8
Income claimed from [other renewable energy subsidy (1)]	£m	3	-1.648	8C.9
Income claimed from [other renewable energy subsidy (2)]	£m	3	0.000	8C.10
Income claimed from [other renewable energy subsidy (3)]	£m	3	0.000	8C.11
Total income claimed from renewable energy subsidies	£m	3	-11.980	8C.12
% of total number of renewable energy subsidies due to expire in the next 2 financial years	%	0	0%	8C.13
This year's value of renewable energy subsidies due to expire in the next 2 financial years	£m	3	0.000	8C.14

Note: Companies to input specific subsidy which is being referenced in lines 8C.8 - 8C.10.

Bioresources liquors treated by network plus (shadow reported)	Unit	DPs	Value	RAG 4 reference
BOD load of liquor or partially treated liquor returned from bioresources to network plus	kg/d	0	22,009	8C.15
Ammonia load of liquor or partially treated liquor returned from bioresources to network plus	kg Amm-N/d	0	10,586	8C.16
Recharge to Bioresources by network plus for costs of handling and treating bioresources liquors	£m	3	13.244	8C.17

	Units	DPs	Electricity MWh (0 DPs)	Heat MWh (0 DPs)	Biomethane MWh (0 DPs)	Total MWh (0 DPs)	Electricity £m (3 DPs)	Heat £m (3 DPs)	Biomethane £m (3 DPs)	Total £m (3 DPs)	
Energy (AMP 7 shadow reported values)											
Energy consumption - bioresources	SE Column Headings	SE Column Headings	48,522	142,042	6,211	236,215	11.152	9.788	0.340	21.280	8C.18
Energy generated by and used in bioresources control	SE Column Headings	SE Column Headings	32,912	105,180	0	138,092	7.396	7.624	0.000	15.020	8C.19
Energy generated by bioresources and used in network plus control	SE Column Headings	SE Column Headings	80,152	0	0	80,152	18.557	0.000	0.000	18.557	8C.20
Energy generated by bioresources and exported to the grid or third party	SE Column Headings	SE Column Headings	7,351	0	46,230	53,581	0.686	0.000	1.137	1.823	8C.21
Energy generated by bioresources that is unused	SE Column Headings	SE Column Headings	0	52,923	0	52,923					8C.22
Energy bought from grid or third party and used in bioresources control	SE Column Headings	SE Column Headings	15,610	36,862	6,211	58,684	3.756	2.164	0.340	6.260	8C.23

	%	
Percentage of bioresources energy consumption that is metered	54.563%	8C.24

Section 8 Additional regulatory information – wastewater network+

Pro forma 8D

Bioresources sludge treatment and disposal data for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Line description	Units	DPs	By incumbent	By 3rd party sludge service providers	RAG 4 reference
Sludge treatment process					
% Sludge - untreated	%	1	9.7%	0.0%	8D.1
% Sludge treatment process - raw sludge liming	%	1	1.9%	0.0%	8D.2
% Sludge treatment process - conventional AD	%	1	26.9%	0.2%	8D.3
% Sludge treatment process - advanced AD	%	1	60.9%	0.5%	8D.4
% Sludge treatment process - incineration of raw sludge	%	1	0.0%	0.0%	8D.5
% Sludge treatment process - other (specify)	%	1	0.0%	0.0%	8D.6
% Sludge treatment process - Total	%	1	99.4%	0.6%	8D.7
(Un-incinerated) sludge disposal and recycling route					
% Sludge disposal route - landfill, raw	%	1	0.0%	0.0%	8D.8
% Sludge disposal route - landfill, partly treated	%	1	0.0%	0.0%	8D.9
% Sludge disposal route - land restoration/ reclamation	%	1	0.0%	23.7%	8D.10
% Sludge disposal route - sludge recycled to farmland	%	1	76.3%	0.0%	8D.11
% Sludge disposal route - other (specify)	%	1	0.0%	0.0%	8D.12
% Sludge disposal route - Total	%	1	76.3%	23.7%	8D.13

Section 9 Additional regulatory information

Pro forma 9A

Innovation competition

Keys to cells

Input cell
Calculation cell
Copy cell

Line description	Units	DPs	Current year	RAG 4 reference
Allowed				
Allocated innovation competition fund price control revenue	£m	3	7.163	9A.1
Revenue collected for the purposes of the innovation competition				
Innovation fund income from customers	£m	3	7.163	9A.2
Income from customers to fund innovation projects the company is leading on	£m	3	2.452	9A.3
Income from customers as part of the inflation top-up mechanism	£m	3	0.143	9A.4
Income from other water companies to fund innovation projects the company is leading on	£m	3	14.239	9A.5
Income from customers that is transferred to other companies as part of the innovation fund	£m	3	4.635	9A.6
Non-price control revenue (e.g. royalties)	£m	3	0.000	9A.7
Administration				
Administration charge for innovation partner	£m	3	0.407	9A.8

	1	2	3	4	5	6	7	8	9	10	11	12	13	
Line description	Total amount of funding awarded to the lead company through the innovation fund	Total amount of inflation top-up funding received	Forecast expenditure on innovation fund projects in year (excl 10% partnership contribution)	Actual expenditure on innovation fund projects in year (excl 10% partnership contribution)	Difference between actual and forecast expenditure	Forecast project lifecycle expenditure on innovation fund projects (excl 10% partnership contribution)	Cumulative actual expenditure on innovation fund projects (excl 10% partnership contribution)	Difference between actual and forecast expenditure	Allowed future expenditure on innovation fund projects (excl 10% partnership contribution)	In year expenditure on innovation projects funded by shareholders of the lead water company	In year expenditure on innovation projects funded by project partner contributions	Cumulative expenditure on innovation projects funded by shareholders of the lead water company	Cumulative expenditure on innovation projects funded by project partner contributions	
Units	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
DPs	3	3	3	3	3	3	3	3	3	3	3	3	3	
Innovation project 1 - IWC Round 1 - Sewer AI (WRC)	0.189	0.000	0.099	0.099	0.000	0.189	0.189	0.000	0.000	0.000	0.000	0.021	0.000	9A.9
Innovation project 2 - IWC Round 1 - Industrial Symbiosis	0.200	0.000	0.009	0.009	-0.000	0.200	0.200	0.000	-0.000	0.000	0.000	0.022	0.000	9A.10
Innovation project 3 - WBC Round 1 - Alternative Phosphorous (Natural Cooagulants)	3.165	0.328	1.133	1.082	-0.051	3.165	2.814	-0.351	0.351	0.000	0.000	0.112	0.203	9A.11
Innovation project 4 - WBC Round 1 - Catchment Systems Thinking Cooperative	7.037	0.642	3.107	3.107	0.000	7.037	6.523	-0.514	0.514	0.000	0.084	0.040	0.666	9A.12
Innovation project 5 - WBC Round 3 - Biopolymers in Circular Economy	6.149	0.000	2.803	1.347	-1.456	6.149	1.347	-4.802	4.802	0.370	0.184	0.370	0.184	9A.13
Innovation project 6 - WBC Round 3 - Mainstreaming Nature Based Solutions	8.028	0.000	2.483	2.483	0.000	8.028	2.483	-5.545	5.545	0.150	0.338	0.150	0.338	9A.14
Innovation project 7 - WBC Round 3 - Water Industry Printfrastructure	1.544	0.000	1.117	0.653	-0.465	1.544	0.653	-0.891	0.891	0.091	0.072	0.091	0.072	9A.15
Innovation project 8	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.16
Innovation project 9	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.17
Innovation project 10	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.18
Innovation project 11	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.19
Innovation project 12	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.20
Innovation project 13	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.21
Innovation project 14	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.22
Innovation project 15	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9A.23
Total	26.312	0.970	10.752	8.781	-1.971	26.312	14.209	-12.103	12.103	0.611	0.678	0.807	1.463	9A.24

Section 9 Additional regulatory information

Innovation Competition Fund

UUW has won seven lead bids since the innovation competition fund was launched, with the breakdown of spend shown below, which is in line with bid documentation agreed:

Innovation round	Lead projects	Total project value £m	Amount awarded from fund – Table 9A, column 1 £m	Amount contributed by partner shareholders £m	Spend to date (excl. 10% partnership) – Table 9A, column 7 £m
Innovation in Water Challenge	AI and Sewer Defect Analysis	0.210	0.189	0.021	0.189
	Industrial Symbiosis	0.222	0.200	0.022	0.200
Water Breakthrough Challenge 1	Alternative approaches to phosphorus removal on rural wastewater treatment works	3.480	3.165	0.315	2.814
	Catchment Systems Thinking Cooperative	7.776	7.037	0.739	6.523
Water Breakthrough Challenge 3	Water Industry Print Infrastructure	1.715	1.544	0.172	0.653
	Biopolymers in the Circular Economy	6.833	6.149	0.683	1.347
	Mainstreaming Nature based Solutions	8.928	8.028	0.900	2.483

Note that 'Income from customers as part of the inflation top-up mechanism' is £0.970m for 2023/24 as part of Water Breakthrough Challenge 1.

In accordance with the information notice 'IN 22/01 Expectations for monopoly company annual performance reporting 2021-22', actual costs incurred on innovation projects are reported within totex in Tables 4D and 4E, and also within enhancement tables 4L and 4M. The provision recognised in the statutory accounts is reversed in the regulatory accounts, and intra-company transfers facilitated by MOSL and the administration charge are reclassified to other income, as outlined in the differences between statutory and RAG definitions on page 142.

Innovation costs are classified as totex not subject to cost sharing within table 4C (as per RAG 4.12), and therefore excluded from the totex cost sharing mechanism, as funded directly through customer revenues. Consequently, this results in a reported company totex overspend of £9.8m in 2023/24, which is then excluded from totex performance within financial flows in Table 1F.

UUW is required to collect £29m of revenue from our customers over AMP7, for the purpose of innovation fund projects. In 2023/24, we have reported £7.2m in appointed revenue (1A.1) and cash (1C.11), with a cumulative total of £26.2m of revenue collected over the first four years of the AMP. There have been five competition rounds as at 31 March 2024, resulting in £16m payments into the innovation fund via MOSL (equating to 14.69% of each awarded round which we are required to transfer). The Water Breakthrough Challenge 4 – Catalyst and Transform have now been announced, we expect to transfer more revenue collected from customers into the fund during July 2024/25.

Breakdown of the cash balance in respect of the innovation competition fund:

Cumulative cash flows 2020/21 – 2023/24	£m
Revenue collected from customers	26.2
Receipts from the fund via MOSL	26.3
10% contributions for our lead bids	2.3
Payments into the fund via MOSL	(16.1)
Actual expenditure of innovation fund projects	(15.8)
Administration charge	(1.0)
Net cash inflow	**21.9**

Section 10 Additional regulatory information – green recovery

Pro forma 10A

Green recovery data capture additional items for the 12 months ended 31 March 2024

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Section 1: Water resources and water network+

From Table 6C

Other	Unit	DP	Input	RAG 4 reference	Main table reference
Total length of new potable mains	km	1	n/a	10A.1	6C.4
Number of lead communication pipes replaced for water quality	nr	0	n/a	10A.2	6C.21

From Table 6D

	Units	DP	Basic meter	AMR meter	AMI meter	RAG 4 reference	Main table reference
Metering activities - Totex expenditure							
New selective meter installation for existing customers	£m	3			n/a	10A.3	6D.2
New business meter installation for existing customers	£m	3			n/a	10A.4	6D.3
Residential meters renewed	£m	3			n/a	10A.5	6D.4
Business meters renewed	£m	3			n/a	10A.6	6D.5
Metering activities - Explanatory variables	**Units**	**DP**					
New selective meters installed for existing customers	000s	3			n/a	10A.7	6D.7
New business meters installed for existing customers	000s	3			n/a	10A.8	6D.8
Residential meters renewed	000s	3			n/a	10A.9	6D.9
Business meters renewed	000s	3			n/a	10A.10	6D.10
Replacement of basic meters with smart meters for residential customers	000s	3		n/a	n/a	10A.11	6D.11
Replacement of AMR meter with AMI meters for residential customers	000s	3			n/a	10A.12	6D.12
Replacement of basic meters with smart meters for business customers	000s	3		n/a	n/a	10A.13	6D.13
Replacement of AMR meter with AMI meters for business customers	000s	3			n/a	10A.14	6D.14
New residential meters installated for existing customers – supply-demand balance benefit	Ml/d	2			n/a	10A.15	6D.15
New business meters installed for existing customers – supply-demand balance benefit	Ml/d	2			n/a	10A.16	6D.16
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	Ml/d	2		n/a	n/a	10A.17	6D.17
Replacement of AMR meter with AMI meter for residential customers– supply-demand balance benefit	Ml/d	2			n/a	10A.18	6D.18
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	Ml/d	2		n/a	n/a	10A.19	6D.19
Replacement of AMR meter with AMI meter for business customers– supply-demand balance benefit	Ml/d	2			n/a	10A.20	6D.20

Leakage activities	Units	DP		RAG 4 reference	Main table reference
Leakage improvements delivering benefits in 2020-25	Ml/d	2	n/a	10A.21	6D.23

Section 2: Wastewater network+ and bioresources

From Table 7D

	Units	DP		RAG 4 reference	Main table reference
Additional storm tank capacity provided at STWs (grey infrastructure)	m^3	3	0.000	10A.22	7E.11
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m^3	3	0.00	10A.23	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m^3	3	0.00	10A.24	7E.13
Additional effective storage in the network delivered through green infrastructure	m^3	3	0.000	10A.25	7E.14

Section 10 Additional regulatory information – green recovery

Pro forma 10B

Green recovery data capture outcome performance for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Water common performance commitments relevant to green recovery reporting

Line description	Unique reference	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual impacts of green recovery investment element only (current reporting year)	Performance level - actual impacts of green recovery investment element only calculated (i.e. standardised)	RAG 4 reference	Main table reference
Performance commitments set in standardised units - Water								
Per capita consumption (PCC)	n/a	lpd	Total household population	7181.630	n/a	0.00	10B.1	3F.4

Line description	Unique reference	Unit	Performance level - actual (2020-21)	Performance level - actual (2021-22)	Performance level - actual (2022-23)	Performance level - actual (2023-24)	Performance level - actual (2024-25)	RAG 4 reference	Main table reference
Performance commitments measured against a calculated baseline									
Leakage - actual including impacts of green recovery investment	n/a	Ml/d	n/a	n/a	n/a	n/a		10B.2	3F.5
Leakage - actual impacts of green recovery investment element only	n/a	Ml/d	n/a	n/a	n/a	n/a		10B.2	3F.5
Per capita consumption (PCC) - actual impacts of green recovery investment element only	n/a	lpd	n/a	n/a	n/a	n/a		10B.3	3F.6

Section 10 Additional regulatory information – green recovery

Pro forma 10C

Green recovery data capture outcome performance for the 12 months ended 31 March 2024

Keys to cells
Input cell
Calculation cell
Copy cell

Wastewater common performance commitments relevant to green recovery reporting

Line description	Unique reference	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual impacts of green recovery investment element only (current reporting year)	Performance level - actual impacts of green recovery investment element only calculated (i.e. standardised)	RAG 4 reference	Main table reference
Performance commitments set in standardised units								
Internal sewer flooding - customer proactively reported	PR19UUW_G02-WWN	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	3,469.34	n/a	0	10C.1	3G.1
Internal sewer flooding - company reactively identified (ie neighbouring properties)	PR19UUW_G02-WWN	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	3,469.34	n/a	0	10C.2	3G.2
Internal sewer flooding	PR19UUW_G02-WWN	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	3,469.34	n/a	0	10C.3	3G.3
Pollution incidents	PR19UUW_C01-WWN	Pollution incidents per 10,000 km of sewer length	Sewer length in km	77,339.00	n/a	0	10C.4	3G.4

	Unique reference	Unit	decimal places	Performance level - actual impacts of green recovery investment element only (current reporting year)	RAG 4 reference	Main table reference
Risk of sewer flooding in a storm	PR19UUW_G01-WWN	%	2	n/a	10C.5	3E.5

	Total pe served	Total pe in excluded catchments	Percentage of total pe in excluded catchments	Performance level - actual impacts of green recovery investment element only: Total pe Option 1a	Percentage of total pe Option 1a	Total pe Option 1b	Percentage of total pe Option 1b	Vulnerability risk grade – Percentage of total population served: Low	Medium	High	RAG 4 reference	Main table reference
Risk of sewer flooding in a storm												
Risk of sewer flooding in a storm	7,719,028	128,923.70	1.67%	n/a	0	n/a	0	n/a	n/a	n/a	10C.6	3I.3

Section 10 Additional regulatory information – green recovery

Keys to cells

Input cell
Calculation cell
Copy cell

Pro forma 10D

Green recovery data capture outcome performance for the 12 months ended 31 March 2024
Bespoke performance commitments relevant to green recovery reporting

	Unique reference	Unit	decimal places	Performance level - impacts of green recovery investment element only		RAG 4 reference
				Previous reporting year	Current reporting year	
Enhancing natural capital for customers	PR19UUW_ C08-CF	£m	3	0.000	0.000	10D.1
Hydraulic internal flood risk resilience	PR19UUW_ G05-WWN	nr	2	0.00	0.00	10D.2
Hydraulic external flood risk resilience	PR19UUW_ G06-WWN	nr	2	0.00	0.00	10D.3
Insert name of the bespoke PC						10D.4
Insert name of the bespoke PC						10D.5
Insert name of the bespoke PC						10D.6
Insert name of the bespoke PC						10D.7
Insert name of the bespoke PC						10D.9

Lines 10D.4 – 10D.9 are unused freeform lines.

Section 10 Additional regulatory information – green recovery

Pro forma 10E

Green recovery data capture reconciliation model input for the 12 months ended 31 March 2024

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Scheme 1	Total allowance, £m
Accelerating partnerships to deliver natural solutions	14.943

						2021-22		2022-23		2023-24		2024-25		2025-26		
	Name	Allowance (£m)	Unit	decimal places	Component level at completion	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	RAG 4 reference
Component 1	Eden catchment phosphorus management - weight of phosphorus removed	1.091	kg	0	1,091	0	0.0%	0	0%	0	0%	250	23%			10E.56
Component 2	Irwell catchment phosphorus management - weight of phosphorus removed	1.819	%	0	100%	0%	0.0%	0	0%	0.112	6%	1.819	100%			10E.57
Component 3	Number of farms engaged	0.723	Nr	0	300	0	0.0%	0	0%	274	91%	300	100%			10E.58
Component 4	Peatland restoration	2.253	ha	1	2,501	0.0	0.0%	0	0%	1,075	43%	2,501	100%			10E.59
Component 5	Number of SuDS and NFM solutions installed	9.057	%	0	100%	0%	0.0%	0.096	1%	1.154	13%	9.057	100%			10E.60

For component 2, Irwell catchment phosphorus management - weight of phosphorus removed component the maximum allowance is £1.819m. Company should report % of total allowance reached based on a rates of £10,494/kg of urban phosphorus removed and £1000/kg rural phosphorus removed.

For component 3, number of farms engaged, component level to date should be reported as zero unless >= 80% of £723,000 partnership funding has been secured.

For component 4, peatland restoration, component level to date should be reported as zero unless >= 80% of £2.253 million partnership funding has been secured.

For component 5, number of SuDS and NFM solutions installed, the % reported relates to the % of the allowance that has been used in accordance with the calculations in the 'Green economic recovery: final decisions' document.

Scheme 2	Total allowance, £m
AMP8 WINEP investments at Bury	44.060

						2021-22		2022-23		2023-24		2024-25		2025-26		
	Name	Allowance (£m)	Unit	decimal places	Component level at completion	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	RAG 4 reference
Component 1	Network storage installed at Nuttall road	32.090	%	0	100%	0%	0.0%	0	0%	20%	20%	40%	40%	100%	100%	10E.61
Component 2	Additional storm tank capacity installed at Bury WwTW	11.970	%	0	100%	0%	0.0%	0	0%	20%	20%	40%	40%	100%	100%	10E.62

Scheme 3	Total allowance, £m
Tackling storm overflows	5.399

						2021-22		2022-23		2023-24		2024-25		2025-26		
	Name	Allowance (£m)	Unit	decimal places	Component level at completion	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	RAG 4 reference
Component 1	SOAF investigations	3.888	%	0	100%	0%	0.0%	0	0%	39%	39%	87%	87%			10E.63
Component 2	Integrated catchment models - Sankey Brook and Wiza Beck	0.986	Nr	0	2	0	0.0%	0	0%	0	0%	2	100%			10E.64
Component 3	Integrated catchment models - Upper Derwent	0.525	Nr	0	100%	0%	0.0%	0	0%	0	0%	1	100%			10E.65

For rows 10E.57 and 10.60 we have reported the allowance spend performance in £m to three decimal places, as opposed to reporting this as a percentage. The percentage completion that corresponds to this performance is then available in the adjoining cells in the table.

Section 10 Additional regulatory information – green recovery

Keys to cells

Input cell
Calculation cell
Copy cell

Pro forma 10F

Accelerated infrastructure delivery projects data capture additional items

From Table 6C

Other	Unit	DP	Input		
Total length of new potable mains	km	1	n/a	10F.1	6C.4
Number of lead communication pipes replaced for water quality	nr	0	n/a	10F.2	6C.21

From Table 6D

	Units	DP	Basic meter	AMR meter	AMI meter		
Metering activities - Totex expenditure							
New selective meter installation for existing customers	£m	3			n/a	10F.3	6D.2
New business meter installation for existing customers	£m	3			n/a	10F.4	6D.3
Residential meters renewed	£m	3			n/a	10F.5	6D.4
Business meters renewed	£m	3			n/a	10F.6	6D.5
Metering activities - Explanatory variables	**Units**	**DP**					
New selective meters installed for existing customers	000s	3			n/a	10F.7	6D.7
New business meters installed for existing customers	000s	3			n/a	10F.8	6D.8
Residential meters renewed	000s	3			n/a	10F.9	6D.9
Business meters renewed	000s	3			n/a	10F.10	6D.10
Replacement of basic meters with smart meters for residential customers	000s	3		n/a	n/a	10F.11	6D.11
Replacement of AMR meter with AMI meters for residential customers	000s	3			n/a	10F.12	6D.12
Replacement of basic meters with smart meters for business customers	000s	3		n/a	n/a	10F.13	6D.13
Replacement of AMR meter with AMI meters for business customers	000s	3			n/a	10F.14	6D.14
New residential meters installated for existing customers – supply-demand balance benefit	Ml/d	2			n/a	10F.15	6D.15
New business meters installed for existing customers – supply-demand balance benefit	Ml/d	2			n/a	10F.16	6D.16
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	Ml/d	2		n/a	n/a	10F.17	6D.17
Replacement of AMR meter with AMI meter for residential customers– supply-demand balance benefit	Ml/d	2			n/a	10F.18	6D.18
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	Ml/d	2		n/a	n/a	10F.19	6D.19
Replacement of AMR meter with AMI meter for business customers– supply-demand balance benefit	Ml/d	2			n/a	10F.20	6D.20

Metering activities - Impact on PCC and leakage performance	Units	DP			
Per capita consumption reduction	l/h/d	3	n/a	10F.21	
Leakage reduction	Ml/d	3	n/a	10F.22	

Leakage activities	Units	DP			
Leakage improvements delivering benefits in 2020-25	Ml/d	2	n/a	10F.23	6D.23

Section 2: Wastewater network+ and bioresources

From Table 7B

Sewage treatment works - Explanatory variables	Units	DP			
Works name	text	0	n/a	10F.24	7B.1
Classification of treatment works	text	0	n/a	10F.25	7B.2
Population equivalent of total load received	000s	0	n/a	10F.26	7B.3
Phosphorus consent	mg/l	0	n/a	10F.27	7B.7
Load received by STW	kgBOD5/d	2	n/a	10F.28	7B.9
Flow passed to full treatment	m3/d	0	n/a	10F.29	7B.10

From Table 7D

Population equivalent	Units	DP			
Current population equivalent served by STWs	000s	3	n/a	10F.30	7D.16
Current population equivalent served by STWs with tightened/new P consents	000s	3	n/a	10F.31	7D.17
Current population equivalent served by STWs with tightened/new N consents	000s	3	n/a	10F.32	7D.18

From table 7E

	Units	DP			
Number of monitors for flow monitoring at STWs	nr	0	n/a	10F.33	7E.4
Additional storm tank capacity provided at STWs (grey infrastructure)	m3	3	n/a	10F.34	7E.11
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m3	3	n/a	10F.35	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m3	3	n/a	10F.36	7E.13
Additional effective storage in the network delivered through green infrastructure	m3	3	n/a	10F.37	7E.14

Section 10 Additional regulatory information – green recovery

Keys to cells

Keys to cells
Input cell
Calculation cell
Copy cell

Pro forma 10G

Additional reporting to account for impacts of transition expenditure for the 12 months ended 31 March 2024

From Table 6C

Other	Unit	DP	Input		
Total length of new potable mains	km	1	n/a	10G.1	6C.4
Number of lead communication pipes replaced for water quality	nr	0	n/a	10G.2	6C.21

From Table 6D

	Units	DP	Basic meter	AMR meter	AMI meter		
Metering activities - Totex expenditure							
New selective meter installation for existing customers	£m	3			0.000	10G.3	6D.2
New business meter installation for existing customers	£m	3			0.000	10G.4	6D.3
Residential meters renewed	£m	3			0.000	10G.5	6D.4
Business meters renewed	£m	3			0.000	10G.6	6D.5
Metering activities - Explanatory variables	**Units**	**DP**					
New selective meters installed for existing customers	000s	3			0.000	10G.7	6D.7
New business meters installed for existing customers	000s	3			0.000	10G.8	6D.8
Residential meters renewed	000s	3			0.000	10G.9	6D.9
Business meters renewed	000s	3			0.000	10G.10	6D.10
Replacement of basic meters with smart meters for residential customers	000s	3		0.000	0.000	10G.11	6D.11
Replacement of AMR meter with AMI meters for residential customers	000s	3			0.000	10G.12	6D.12
Replacement of basic meters with smart meters for business customers	000s	3		0.000	0.000	10G.13	6D.13
Replacement of AMR meter with AMI meters for business customers	000s	3			0.000	10G.14	6D.14
New residential meters installed for existing customers – supply-demand balance benefit	Ml/d	2			0.00	10G.15	6D.15
New business meters installed for existing customers – supply-demand balance benefit	Ml/d	2			0.00	10G.16	6D.16
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	Ml/d	2		0.00	0.00	10G.17	6D.17
Replacement of AMR meter with AMI meter for residential customers– supply-demand balance benefit	Ml/d	2			0.00	10G.18	6D.18
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	Ml/d	2		0.00	0.00	10G.19	6D.19
Replacement of AMR meter with AMI meter for business customers– supply-demand balance benefit	Ml/d	2			0.00	10G.20	6D.20

Metering activities - Impact on PCC and leakage performance	Units	DP			
Per capita consumption reduction	l/h/d	3	0.000	10G.21	
Leakage reduction	Ml/d	3	0.000	10G.22	

Leakage activities	Units	DP			
Leakage improvements delivering benefits in 2020-25	Ml/d	2	0.00	10G.23	6D.23

Section 2: Wastewater network+ and bioresources

From Table 7B

Sewage treatment works - Explanatory variables	Units	DP			
Works name	text	0	0	10G.24	7B.1
Classification of treatment works	text	0	0	10G.25	7B.2
Population equivalent of total load received	000s	0	0	10G.26	7B.3
Phosphorus consent	mg/l	0	0	10G.27	7B.7
Load received by STW	kgBOD5/d	2	0.00	10G.28	7B.9
Flow passed to full treatment	m3/d	0	0	10G.29	7B.10

From Table 7D

Population equivalent	Units	DP			
Current population equivalent served by STWs	000s	3	0.000	10G.30	7D.16
Current population equivalent served by STWs with tightened/new P consents	000s	3	0.000	10G.31	7D.17
Current population equivalent served by STWs with tightened/new N consents	000s	3	0.000	10G.32	7D.18

From table 7E

	Units	DP			
Number of monitors for flow monitoring at STWs	nr	0	0	10G.33	7E.4
Additional storm tank capacity provided at STWs (grey infrastructure)	m3	3	0.000	10G.34	7E.11
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m3	3	0.000	10G.35	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m3	3	0.000	10G.36	7E.13
Additional effective storage in the network delivered through green infrastructure	m3	3	0.000	10G.37	7E.14

Other additional items not included in the lines above

	Units	DP			
				10G.38	
				10G.39	
				10G.40	
				10G.41	
				10G.42	
				10G.43	
				10G.44	
				10G.45	
				10G.46	
				10G.47	
				10G.48	
				10G.49	
				10G.50	
				10G.51	
				10G.52	

Section 10 Additional regulatory information – green recovery

Keys to cells

Input cell
Calculation cell
Copy cell

Pro forma 10H

Accelerated schemes data capture reconciliation model input for the 12 months ended 31 March 2024

Scheme ENV2	Cost 2022-25, £m
Accelerating habitats improvement in the Eden catchment	18.5

					2023-24		2024-25		
	Name	Unit	decimal places	Component level at completion	Component level to date	Percentage complete	Component level to date	Percentage complete	RAG 4 reference
Component 1	Appleby WwTW Total P- permit	mg/L	2	0.25	0.00	0%	0.00	0%	10G.69
Component 2	Brampton WwTW (Carlisle) Total P- permit	mg/L	2	0.25	0.00	0%	0.00	0%	10G.70
Component 3	Kirkby Stephen WwTW Total P- permit	mg/L	2	0.25	0.00	0%	0.00	0%	10G.71
Component 4	Warwick Bridge WwTW Total P- permit	mg/L	2	0.25	0.00	0%	0.00	0%	10G.72
Component 5	Carlisle WwTW Total P- permit	mg/L	2	0.25	0.00	0%	0.00	0%	10G.73
Component 6	Penrith WwTW Total P- permit	mg/L	2	0.25	0.00	0%	0.00	0%	10G.74

Scheme ENV3	Cost 2022-25, £m
Delivering improvements to storm overflows	137.5

					2023-24		2024-25		
	Name	Unit	decimal places	Component level at completion	Component level to date	Percentage complete	Component level to date	Percentage complete	RAG 4 reference
Component 1	Scheme Percentage Delivered (cumulative)	%	0	100%	0%	0.0%	0%	0%	10G.75
Component 2	Total Storm Overflows Improved (cumulative)	Nr	0	135	0	0.0%	0	0%	10G.76
Component 3	Reduction in Storm Overflow Spills (cumulative)	Nr	0	8,406	0	0.0%	0	0%	10G.77

Scheme ENV4	Cost 2022-25, £m
Reducing the frequency of storm overflow discharges in Windermere catchment	9.3

					2023-24		2024-25		
	Name	Unit	decimal places	Component level at completion	Component level to date	Percentage complete	Component level to date	Percentage complete	RAG 4 reference
Component 1	Scheme Percentage Delivered (cumulative)	%	0	100%	0%	0.0%	0%	0%	10G.78
Component 2	Total Storm Overflows Improved (cumulative)	Nr	0	4	0	0.0%	0	0%	10G.79
Component 3	Reduction in Storm Overflow Spills (cumulative)	Nr	0	100	0	0.0%	0	0%	10G.80

Scheme ENV10	Cost 2022-25, £m
Bathing waters	30

					2023-24		2024-25		
	Name	Unit	decimal places	Component level at completion	Component level to date	Percentage complete	Component level to date	Percentage complete	RAG 4 reference
Component 1	Scheme Percentage Delivered (cumulative)	%	0	100%	0%	0.0%	0%	0%	10G.81
Component 2	Total Storm Overflows Improved (cumulative)	Nr	0	15	0	0.0%	0	0%	10G.82
Component 3	Reduction in Storm Overflow Spills (cumulative)	Nr	0	834	0	0.0%	0	0%	10G.83

Section 11 Additional regulatory information - greenhouse gas emissions reporting

Pro forma 11A

Greenhouse gas emissions reporting for the 12 months ended 31 March 2024

Keys to cells
- Input cell
- Calculation cell
- Copy cell

Line description	Operational emissions Water	Wastewater	Total	RAG 4 reference
Unit	tCO_2e	tCO_2e	tCO_2e	
DPs	3	3	3	
Scope one emissions				
Burning of fossil fuels (location-based)	1,726.796	18,461.627	20,188.423	11A.1
Burning of fossil fuels (market-based)	1,726.796	18,461.627	20,188.423	11A.2
Process and fugitive emissions	42.234	96,130.611	96,172.845	11A.3
Vehicle transport	4,984.974	12,853.254	17,838.228	11A.4
Emissions from land	-	-	-	11A.5
Total scope one emissions (location-based)	6,754.004	127,445.492	134,199.496	11A.6
Total scope one emissions (market-based)	6,754.004	127,445.492	134,199.496	11A.7
Scope one emissions; GHG type CO_2	6,632.536	30,910.717	37,543.253	11A.8
Scope one emissions; GHG type CH_4	2.226	58,259.045	58,261.271	11A.9
Scope one emissions; GHG type N_2O	77.007	38,182.985	38,259.992	11A.10
Scope one emissions: GHG other types	42.234	92.745	134.979	11A.11
Scope two emissions				
Purchased electricity (location-based)	60,312.632	75,870.370	136,183.002	11A.12
Purchased electricity (market-based)	-	32.920	32.920	11A.13
Purchased heat	-	-	-	11A.14
Electric vehicles	3.122	3.688	6.810	11A.15
Removal of electricity to charge electric vehicles at site	-	-	-	11A.16
Total scope two emissions (location-based)	60,315.754	75,874.058	136,189.812	11A.17
Total scope two emissions (market-based)	3.122	36.609	39.730	11A.18
Scope two emissions; GHG type CO_2	59,699.912	75,099.362	134,799.274	11A.19
Scope two emissions; GHG type CH_4	260.983	328.303	589.286	11A.20
Scope two emissions; GHG type N_2O	354.858	446.393	801.251	11A.21
Scope two emissions: GHG other types	-	-	-	11A.22
Scope three emissions				
Business travel	668.103	720.264	1,388.367	11A.23
Outsourced activities	-	6.290	6.290	11A.24
Purchased electricity; extraction, production, transmission and distribution (location-based)	19,744.264	24,837.040	44,581.304	11A.25
Purchased electricity; extraction, production, transmission and distribution (market-based)	19,744.264	24,837.040	44,581.304	11A.26
Purchased heat; extraction, production, transmission and distribution	-	-	-	11A.27
Purchased fuels; extraction, production, transmission and distribution	2,527.827	6,079.685	8,607.512	11A.28
Chemicals	29,671.251	29,671.251	59,342.502	11A.29
Disposal of waste	-	25,818.685	25,818.685	11A.30
Total scope three emissions (location-based)	52,611.445	87,133.215	139,744.660	11A.31
Total scope three emissions (market-based)	52,611.445	87,133.215	139,744.660	11A.32
Scope three emissions; GHG type CO_2	52,553.036	61,928.123	114,481.159	11A.33
Scope three emissions; GHG type CH_4	23.586	5,517.320	5,540.906	11A.34
Scope three emissions; GHG type N_2O	34.823	19,687.772	19,722.595	11A.35
Scope three emissions: GHG other types	-	-	-	11A.36
Gross operational emissions (Scopes 1,2 and 3)				
Gross operational emissions (location-based)	119,681.203	290,452.765	410,133.968	11A.37
Gross operational emissions (market-based)	59,368.571	214,615.315	273,983.886	11A.38
Emissions reductions				
Exported renewables	494.782	2,606.343	3,101.125	11A.39
Exported biomethane	-	8,439.056	8,439.056	11A.40
Insets	-	-	-	11A.41
Other emissions reductions			-	11A.42
Total emissions reductions	494.782	11,045.399	11,540.181	11A.43
Emissions reductions				
Green tariff electricity	60,312.632	75,849.499	136,162.131	11A.44
Net annual emissions				
Net annual emissions (location-based)	119,186.421	279,407.366	398,593.787	11A.45
Net annual emissions (market-based)	58,873.789	203,569.917	262,443.705	11A.46

Line description	Water	Wastewater		
Unit	$kgCO_2e/Ml$	$kgCO_2e/Ml$		
DPs	3	3		
GHG intensity ratios				
Emissions per Ml of treated water	177.236			11A.47
Emissions per Ml of sewage treated		208.986		11A.48

Line description	Embedded emissions Water	Wastewater	Total	
Unit	tCO_2e	tCO_2e	tCO_2e	
DPs	3	3	3	
Capital projects				
Capital projects (cradle-to-gate)	49,981.069	49,981.069	99,962.138	11A.49
Capital projects (cradle-to-build)	49,981.069	49,981.069	99,962.138	11A.50
Purchased goods and services				
Purchased goods and services	116,739.876	116,739.876	233,479.752	11A.51

Appendix

APPENDIX 1: UUW P31 certificate

Report of KPMG LLP to United Utilities Water Limited ('the Company') and the Water Services Regulation Authority ('the WSRA') under Licence Condition P

In accordance with the terms of our engagement letter dated 17 June 2024, we have examined the Company directors' certificate – Condition P dated 28 June 2024 (the "Certificate") which is attached to this report and initialled for identification purposes, in conjunction with the completion of our audit of the Regulatory Accounting Statements within the Company's Annual Performance Report for the year ended 31 March 2024.

Respective duties of directors and auditors

The directors of the Company have sole responsibility for the preparation of the Director's Certificate – Condition P in accordance with Section P31 of the License. The Certificate is presented as set out in the instrument of appointment by the Secretary of State for the Environment of the Company as a water and sewerage undertaker under the Water Act 1989.

As specified in our engagement letter dated 17 June 2024, it is our responsibility to examine the Certificate and report to you whether we are aware of any inconsistencies between that Certificate and the Regulatory Accounting Statements within the Company's Regulatory Accounts and any information which we obtained in the course of our work as the Company's Auditors.

For the avoidance of doubt, our audit of the Regulatory Accounting Statements within the Company's Annual Performance Report for the year ended 31 March 2024 was and is not directed towards meeting the requirements of the Company or the directors under the terms of Condition P31. We have not carried out and will not carry out specific procedures designed to verify the substance of the matters certified by the directors of the Company. Our sole responsibility is to examine the Certificate for consistency with our knowledge of the Company's financial affairs gained in the course of our normal audit work. Furthermore, we have not carried out any audit procedure on the Company since 28 June 2024, the date of our audit opinion on the Regulatory Accounting Statements within the Company's Regulatory Accounts of the Company for the year ended 31 March 2024.

This report is made solely to the Company as a body and the WSRA in accordance with the Regulatory Accounting Guidelines and other relevant material issued by the WSRA and the terms of our engagement with the Company. Our examination has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company as a body, and the WSRA, for our report, or for the opinions we have formed. We will accept such responsibility to the WSRA on condition that the WSRA agrees in writing to the WSRA's Contract by signing the WSRA's Contract. The terms of our engagement do not confer benefits on any other parties and exclude the application of the Contracts (Rights of Third Parties) Act 1999.

Basis of our findings

Our work consisted of an examination of the Certificate signed by the Directors, to determine whether there were any inconsistencies with our findings arising from the audit of the Regulatory Accounting Statements within the Company's Annual Performance Report and any information which we obtained in the course of our work as the Company's Auditors.

Findings

Nothing has come to our attention during the course of our audit work on the Regulatory Accounting Statements within the Company's Annual Performance Report for the year ended 31 March 2024 that would indicate any inconsistencies, in all material respects, between the Certificate and the Regulatory Accounting Statements within the Company's Annual Performance Report and any information which we obtained in the course of our audit work on the Regulatory Accounting Statements within the Company's Annual Performance Report of the Company for the year ended 31 March 2024.

KPMG LLP

KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

28 June 2024

Appendices

Appendix 1 Assurance summary and findings

This appendix describes how we have executed our published assurance plan, which has been developed in accordance with Ofwat's requirements. It sets out the assurance activities that we undertake to provide reliable, accurate and complete data, the key findings from the assurance process and updates on our specific targeted risk areas. Within this appendix we clearly highlight how we meet the assurance and reporting requirements outlined by Ofwat in the PR19 final determination and any further additional requirements released through the RAG consultation process.

A) Overview and assurance framework

As we strive for best practice in assurance arrangements to deliver reliable, accurate and transparent information, we have continued to evolve our assurance framework. As a minimum, we have adopted the requirements established by the targeted category under Ofwat's previous company monitoring framework. This involves engagement with stakeholders and publication of a draft and final assurance plan. Accordingly, we consulted on our regulatory reporting for 2023/24 and then, following feedback, published our 'Final assurance plan' for our year four reporting. These publications are both available on our website: www.unitedutilities.com/corporate/about-us/performance/assuring-our-performance-2020–25/.

The purpose of the assurance framework is to ensure that stakeholders can rely on the information we provide as a water company and to make sure that the assurance of this information builds confidence and trust. There are six elements covered by our framework, which are outlined below under 'Assurance framework'.

In order to satisfy ourselves that we meet stakeholder expectations for our approach to monitoring and assuring delivery, we have processes in place to:

- publish information that can be trusted;
- demonstrate the board is taking an active role to ensure accurate and accessible information is provided about company performance and challenge for improvements in assurance (linked to our board leadership and transparency principles);
- show the data assurance activities we have put in place to provide accurate data; and
- provide confidence to all customers and stakeholders that we will continue to deliver the services they want in both an efficient and affordable manner and report on our performance.

Assurance framework

Our AMP7 regulatory reporting assurance framework is published on our website: www.unitedutilities.com/corporate/about-us/performance/assuring-our-performance-2020–25/. It sets out the assurance activities that we have put in place to provide reliable, accurate and complete data. It sets out the wider assurance activities that we undertake to ensure that we can effectively listen to our customers and other stakeholders' views and continue to deliver the services that they want and can afford. The framework is set out in six sections, which are summarised below:

- **Measurement and data capture** – the data required to report on the delivery of our performance commitments and other commitments has been developed to be a subset of our routine and often long standing operational and management information that is directly used to support and direct key business activities. We have established a centralised reporting function, which has accountability for both assuring the quality of the data and for providing a central source of management information that can be used by many areas of the business.
- **Risk based assurance** – We have adopted a structured risk assessment process to underpin the governance and assurance processes supporting our regulatory reporting. The overall combined risk rating is used to help to determine the level of governance and assurance that is applied to the reported information.
  - As the level of risk increases, the governance and assurance applied to the reporting of this data increases and ensures that key risks are escalated, ultimately, up to board level where necessary. This ensures that the management, control and reporting of any risks and resulting actions identified through the process are proportionate to the level of risk.
- **Targeted audit and assurance** – we have adopted a well-established 'three lines of assurance' framework. The three lines of assurance are:
  - **First line** – management has accountability for developing and maintaining sound processes, systems and controls in the normal course of their operations;
  - **Second line** – the Strategy, Policy and Regulation or Finance teams, where applicable, have accountability for providing the framework and governance for our regulatory reporting. Our Corporate Audit team undertake rolling and cyclical audit activity and targeted reviews of key submissions; and
  - **Third line** – independent audit and assurance activities are undertaken by specialist external auditors.
- **Governance and accountability** – we are committed to the very highest standards of corporate governance with defined accountabilities from the UUW board level cascaded into our operational governance and review processes. The boards of both UUW and UUG PLC fully support Ofwat's drive for the highest standards of board leadership, transparency and governance in the industry. We are satisfied that current practices and the application of the 2018 Code at the holding company level is entirely consistent with the Ofwat principles.
- **Independent challenge and review** – to ensure that our reporting is independently challenged, we established an independent challenge panel called 'YourVoice'. The role of YourVoice is to both monitor and challenge us on the delivery of our business plan, to review and assure our reporting and to scrutinise our customer engagement on the development of our future business plans.
- **Additional communications and publications** – we are a purpose-led company, driven by what matters to customers and other stakeholders. We go beyond publishing the minimum requirements for publishing information in the Annual Performance Report. We are committed to providing regular and transparent reporting of our performance and using a broad range of communications channels to communicate with customers.

Corporate responsibility

We publish information on how we operate in a responsible manner in the United Utilities Group PLC Annual Report and Financial Statements and on the responsibility pages of our corporate website (which can be found on our website: www.unitedutilities.com/corporate/responsibility/our-approach/cr--performance/). Our APR assurance process provides a level of assurance for a number of measures relating to corporate responsibility performance across the six stakeholder groups that we identify that we create value for.

B) 2023/24 Annual Performance Report assurance plan

Our 2023/24 Final assurance plan sets out how data reported in this year's APR would be subject to a structured and risk based governance and assurance process. This is summarised in the table below. Our planning process identified a number of potentially higher risk (targeted) areas. These are summarised on the next page.

Appendix 1 Assurance summary and findings

Risk based assurance plan for the 2023/24 Annual Performance Report

Section	Content	Governance and assurance activities
Risk and compliance statement	Annual statement confirming compliance with the relevant statutory, licence and regulatory obligations for the provision of services to its customers	1. Approved by the UUW board, based upon the defined governance and assurance approach relevant for each obligation. 2. The UUW board established a new board committee with delegated responsibility to oversee compliance with regulatory and statutory reporting requirements, to be kept abreast of any changes to the requirements and to oversee the structure and processes of interactions with UUW's regulators. In 2023/24, the committee provided guidance to improve the clarity of the information presented in key submissions including the Risk and Compliance statement. 3. The committee commissioned an external assurance provider to review our assurance framework in order to further give confidence to the board and wider stakeholders that it remains an appropriate and proportionate approach. The assessment noted numerous strengths and benefits of the existing assurance framework which should continue to be leveraged so that the framework provides effective and practical assurance to business teams, the Executive Group and the UUW Board.
Regulatory financial reporting	Historical cost financial information. Disaggregation of income, from a regulatory accounting perspective, with reconciliation to the UUW statutory accounts	4. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied. 5. Finance team review of information and audit trails. 6. Financial Auditors (KPMG) audit as set out in the audit opinion on pages 111 to 114.
Price review and other segmental reporting	Further separation of revenue and costs to allow stakeholders to review the company's performance against the FD	7. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trials to support the reported performance and demonstrate the control checks that have been applied. 8. Finance team review of information and audit trails. 9. Financial Auditors (KPMG) audit as set out in the audit opinion on pages 111 to 114.
Performance summary	A high-level report of the operational performance of the business against the performance commitments set out in the PR19 FD, highlighting any financial incentives accrued in the year	10. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied. 11. Regulatory Reporting team review of information and audit trails. 12. Independent Technical Auditors (Jacobs) review data and commentary and report opinion to the board. Further independent auditors are used when specific technical skills are required.
Additional regulatory tables	Additional financial and non-financial information, including wholesale totex performance against both the PR19 FD assumptions and intercompany unit cost metrics, retail operating cost analysis and financial metrics	13. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied. 14. Regulatory Reporting team review of information and audit trails. 15. Financial Auditors (KPMG) or Technical Auditors (Jacobs) procedures as agreed with management on the relevant tables in Section 2.

Appendix 1 Assurance summary and findings

Targeted areas, mitigation and assurance

In addition to our published assurance processes described above and which have been applied to data within the APR, we reviewed the potential risks to our reporting as part of the development of the assurance plan. This year, in addition to those of the previous year, we added in the risk associated with storm overflows.

This risk assessment process confirmed that our established systems of governance and control were effective in identifying and managing reporting risk levels. The areas we identified for additional assurance activity in our final assurance plan were flagged as a result of four main factors:

- Previous reporting issues had been identified;
- Inherent data quality issues (usually due to new requirements or changes in circumstances or reporting regimes), we consider the findings of regulatory investigations from other companies and how they may impact on our reporting or what we can learn;
- High priority areas from a customer or stakeholder view point; and
- Areas where delivery of our performance commitment targets may have been at risk.

The targeted areas are summarised in the table below.

Our published 2023/24 final assurance plan contains full details of the reasons for the targeted status, the ongoing and planned activity to mitigate the risks, and the planned activity to assure our reporting in these areas. Storm overflows have been added into the plan this year, reflecting the importance and focus we are placing upon them. The Final assurance plan can be found at the following url: unitedutilities.com/globalassets/documents/pdf/final-assurance-plan-2023-24.

The corporate audit report – set out on pages 265 to 268 of this Appendix – confirms that the assurance activities included within the Final assurance plan have been complied with and sets out the summary of the team's findings.

Targeted area	Status	Previous issues	Inherent data accuracy	High priority	Delivery and performance
Performance commitments and outcome delivery incentives	Continued		✓	✓	✓
Water quality	Continued			✓	✓
Charges and tariffs scheme	Continued		✓	✓	
System implementation (formerly Integrated Network Solution)	Continued		✓	✓	
Market support	Continued			✓	
Permit compliance	Continued			✓	
Haweswater aqueduct replacement programme	Continued		✓	✓	
Water transfer programme	Continued		✓	✓	
Drainage and wastewater management plans	Continued		✓	✓	✓
Internal sewer flooding	Continued			✓	✓
Reconciliation models and applications for in-period determination	Continued		✓	✓	✓
PR24	Continued		✓	✓	✓
Storm overflows	New		✓	✓	

2023/24 targeted areas and reason for status

Following the publication of our final assurance plan, we said that we would highlight any variations in approach that were taken in delivery of the assurance. We are pleased to confirm that we were able to deliver each area of targeted work in line with the governance and assurance approach set out in the plan and no variations were required.

Appendix 1 Assurance summary and findings

Targeted area	Action taken to assure targeted area
Performance commitments and outcome delivery incentives	For each performance commitment reported, any resulting financial incentive is reviewed and signed off by an executive sponsor. The executive sponsors review performance against our performance commitments regularly through director review meetings and performance boards, which are typically held monthly. Performance reviews and forecasts are carried out each month to track progress against delivery of our performance commitments. Performance against each commitment is reported at UUW Board level throughout the year. We have regular liaison with relevant external regulators and groups (CCW, DWI and EA) who publish annual company performance reports. Regular challenge sessions are being held to ensure compliance with methodologies for water and wastewater network performance commitments. We regularly review performance against our performance commitments with the independent challenge group, YourVoice, who challenge the measures we are taking to manage performance levels or manage the customer impacts of any issues. The detailed internal methodologies and calculation tools have been subject to third party review, by our independent technical auditor, Jacobs. Performance commitments that have been identified as requiring targeted assurance are subject to a detailed audit of the data collection, incentive calculations and reporting processes, by our independent technical auditor, Jacobs, to provide assurance that the data can be reported reliably, accurately and completely and in accordance with reporting requirements. This includes sample checks to test process, assumptions, methodology, implementation, governance and results. We will include the calculations for any complex performance commitments as an appendix to our APR.
Water quality	We monitor and track our performance throughout the year. The DWI also assesses our performance throughout the year and confirm the CRI score after year end. The reported data is reviewed and signed off by the appropriate executive director. • A detailed audit of the data collection and reporting process by our independent technical auditor, Jacobs. This provides assurance that data reported is reliable, accurate and complete and in accordance with reporting requirements. • The reporting of our performance in this area is reviewed with the independent challenge group, YourVoice. Updates are provided to the board and the DWI on a monthly basis, providing progress against improvement plan delivery and achievement of the Water Quality First programme objectives. Quarterly updates are held with senior management at DWI, but six weekly with the Northern team including the principal inspector and our liaison inspector. Discolouration performance has been added to the United Utilities scorecard to provide an extra focus on this specific area. The reported data is reviewed and signed off by the appropriate executive director. A detailed audit of the data collection and reporting process by our independent technical auditor, Jacobs. This provides assurance that data reported is reliable, accurate and complete and in accordance with reporting requirements. The reporting of our performance in this area is reviewed with the independent challenge group, YourVoice.
Charges and tariffs scheme	The charges schemes are subject to a series of reviews by members of the company's legal team for compliance with the relevant legislation. Management undertakes a review of each charging rule to demonstrate how each charging rule has been complied with, and this document is published on the United Utilities website. Corporate Audit reviews section 3 of the assurance statements for wholesale and household and section 2 for new connections and presents its findings to the UUW board. The company publishes and provides to Ofwat assurance statements from the UUW board, no later than the time of publication of the charges schemes, confirming that: • UUW has complied with its legal obligations relating to the charges set out in the charges schemes; • the board has assessed the effects of the new charges on retailers and on customers' bills for a range of different customer types and approves the impact assessments and handling strategies developed in instances where the bill increases for particular customer types exceed 5 per cent; • UUW has appropriate systems and processes in place to make sure that the information contained in the charges schemes, and additional information is accurate; • the company has consulted the Consumer Council for Water (CCW) in a timely and effective manner on its charges schemes; and • where applicable, where final wholesale charges are significantly different from the indicative wholesale charges published for the same period, that the board has considered the reasons why those changes occurred and has issued a statement explaining why those changes were not anticipated and/or mitigated.
Systems implementation	All the information within the system that will be used for our AMP7 regulatory reporting was identified and included with the list of programme deliverables, and our regulatory reporting data will continue to be risk assessed and assured appropriately. Key reporting experts in the business have reviewed the design of the solutions to ensure that regulatory requirements and obligations were addressed. We have reviewed and identified improvements to our systems and reporting methods post go-live as part of a continuous improvement approach and will make additional system enhancements to further bolster our regulatory reporting requirements and streamline the process. Programme deliverables were signed off by both the project steering group delivery team and the business team responsible for undertaking the relevant activity. Sign off of reported data will be undertaken by the line owner, responsible, accountable and executive managers as appropriate. A detailed audit of the data collection and reporting process will be undertaken by the independent technical auditor, Jacobs, to provide assurance that reported data is reliable, accurate and complete and in accordance with reporting requirements. This will include sample checks to test processes, assumptions, methodology, implementation, governance and results.
Market support	Our continued competition law compliance programme aims to ensure ongoing demonstrable compliance with our competition obligations. We have reviewed the competition compliance policy, training and guidance updating as required based on latest information giving consideration to events both internal and external to United Utilities. We can support collaboration where appropriate and not restrict efforts unnecessarily. A regular risk review process ensures that we consider and understand the current and future risk landscapes and appropriate mitigating actions. This includes internal governance meetings, such as the Competition Act Compliance Group, which support the identification of nascent risks.

Appendix 1 Assurance summary and findings

Targeted area	Action taken to assure targeted area
Permit compliance	The November 2019 Jacobs report aimed to examine whether United Utilities has sufficient and effective governance, processes, controls and systems to identify and mitigate the types of risks highlighted by the Southern Water investigation. The report also looked to recommend actions to strengthen process controls. For the water compliance regime, the report concluded that there were no issues identified, stating that there is clear organisational separation and accountability for operations, regulatory sampling, sample analysis and board/regulatory reporting, which are effective in ensuring that performance of drinking water assets is being fully and correctly disclosed. For the wastewater regime, the report concluded that United Utilities has comprehensive processes in place to manage the compliance regime, to prevent, detect and correct any potential compliance issues and to escalate through the business and to the Environment Agency. In terms of opportunities for improvement, Jacobs suggested the company would benefit from small improvements to the sampling regime, post-incident technical reviews and the process to reclassify erroneous sample results for wastewater. These suggested improvements were then addressed through a series of changes in practices, associated control checks and extended audits. A secondary Jacobs's review was carried out in June 2022, to assess the effectiveness of implementing these improvements. We also undertake reviews of permit compliance processes and procedures on a targeted basis, based on data analysis and any reported concerns. Where necessary, we take steps to ensure that permit compliance processes are robust and in line with guidance and remedy issues where they arise.
Haweswater aqueduct replacement programme	Accountability for development of this scheme has been assigned to United Utilities Water's (UUW's) Transformation and Strategic Programmes Director, who reports progress directly to the monthly Executive Performance Meeting. The Executive Performance Meeting is chaired by the Chief Executive, with regular updates, including key risks and decisions, being brought to the UUW board at key milestones in the procurement process. The governance arrangements for managing the project reflect the current phase of procurement. Senior stakeholders are kept informed of progress via the HARP Programme Board. The HARP Commercial Steering Group, attended by the Regulation and Compliance Director, the Commercial Director, General Counsel and Company Secretary, the Treasurer and UUW's former CEO, acting in an advisory capacity, is in place to deal with any commercial and regulatory challenges through the tender process which may require board and/or Ofwat approval. An independent assurance specialist, Deloitte LLP, has been appointed to oversee the assurance framework for this project. Alongside this, the programme utilises our established assurance and governance framework following a risk-based approach using a three lines of assurance model. Where required, external specialist assurance will be put in place for those higher-risk areas. A HARP Oversight Committee has also been established to provide confidence to the UUW board that the HARP Programme team is managing the procurement of HARP to ensure that the process for and selection of the preferred bidder is in line with the procurement process and documentation set out in the Contract Notice.
Water transfer programme	A number of intercompany working groups have been established as part of the Severn Thames transfer (STT) project with representatives from each participating company. These include stakeholder, engineering and environmental working groups and an overall programme board and steering group. Within UUW, accountability for development of water transfers lies with the Director of Asset Management, who reports progress directly to the monthly executive meeting. The executive meeting is chaired by the Chief Executive, with key risks and decisions being highlighted to the UUW board as required. An independent assurance specialist will be appointed to develop a specific assurance framework for the next stages of the North West transfer (NWT) project, following the same approach taken in previous project phases. This will ensure that any potential assurance issues are identified at a sufficiently early stage to allow them to be resolved in a way that does not compromise the delivery, or the quality of the work being developed which will be required to be submitted to Ofwat throughout the development of the scheme. A joint assurance framework has been agreed with the other partners on the STT project to assure RAPID and the company boards of the details and requirements within the programme. This framework is similar for both NWT and STT projects and will take a risk based approach, assessing the programme deliverables and where required, apply external specialist assurance to those complex or higher-risk areas.
Drainage and wastewater management plans	Throughout the development of the DWMP, UUW adopted a tiered approach to governance to provide internal scrutiny on plan development, promote alignment with wider processes, and support the internal team in developing the plan. The data and analysis underpinning our plan has also been subject to rigorous third-party assurance giving confirmation that UUW has met all of the requirements set out in the Defra Guiding Principles. Jacobs provided assurance at two stages across the development of UUW DWMP: Baseline Risk and Vulnerability Assessment (BRAVA) and Options Development. Assurance was undertaken by Deloitte across the development of the UUW DWMP programme to ensure consistency with the Water Industry National Environment Programme (WINEP) programme and assurance of the building blocks of the DWMP submission (optimised programme, wastewater treatment works and storm overflow programme), whilst PWC assured the DWMP data table submission requirements. Final aggregate assurance was undertaken by Turner and Townsend to review the combined assurance activities whether internal or external. The business governance and the audit process was used to feed into and support final endorsement by the UUW board. The Board Assurance Statement and a detailed summary of our approach to assurance and governance are both available on our corporate website.
Internal sewer flooding	Performance and any resulting financial incentive payment is reviewed and signed off by an executive sponsor. Executive sponsors review performance against our performance commitments regularly through director review meetings and performance boards, which are typically held on a monthly basis. Performance reviews and forecasts are carried out each month to track progress against delivery of our performance commitments. We regularly review performance against our performance commitments with the customer challenge group, YourVoice, which challenges the measures we are taking to manage performance levels or manage the customer impacts of any issues. A detailed audit of the data collection and reporting process is carried out by our independent technical auditor, Jacobs, to provide assurance that data reported is reliable, accurate and complete and in accordance with reporting requirements. This includes sample checks to test process, assumptions, methodology, implementation, governance and results. Clarification is sought from Jacobs throughout the reporting year for any difficult or unusual events or circumstances.

Appendix 1 Assurance summary and findings

Targeted area	Action taken to assure targeted area
Reconciliation models and applications for in-period determination	Reconciliation models and applications for in-period determination Data used to populate reconciliation models will be subject to risk based assurance as part of the Annual Performance Report process and will be reviewed and approved by a business sponsor. We follow the most up to date RAG guidance. When new guidance is issued we incorporate any updates and changes to our yearly reporting cycle. The Corporate Audit team will complete additional assurance checks on populated models. Reconciliation models will be used to calculate revenue or RCV adjustments and this will be subject to assurance as part of the Annual Performance Report process. The results of this assurance, together with confirmation from the accountable executive sponsor, will be provided to the UUW Board to support its consideration of the submission.
PR24	The UUW board was actively engaged in reviewing and setting the strategic direction for the business plan and in the assurance that was provided to support the plan. Supplementary document UUW77 – Board leadership of the business plan describes how the board has engaged with, and provided, strategic direction throughout the creation of the plan. This can found at: unitedutilities.com/globalassets/z_corporate-site/pr24/supplementary-documents/uuw77.pdf The full UUW board signed a specific assurance statement which certifies and endorses the business plan and was published alongside the full plan. Chapter 10 of the business plan provided the assurance and track record evidence underpinning this statement. This can be found at:https://pr24.unitedutilities.com/pdfs/UUW10_chapter_10.pdf The programme utilised the existing company assurance framework and as part of this process the framework was assured externally by Deloitte LLP. This was complemented with programme specific assurance, to ensure that the information within or supporting the business plan submission was subject to an appropriate risk-based level of governance and assurance. The programme assurance ensured that all executive sponsors provided evidence to the UUW board demonstrating the elements of the business plan that they were accountable for (as defined in the programme RACI) met the requirements for that element of the business plan. We continue to apply our assurance framework to the on-going query process for PR24 data and information. It is anticipated that a further Board Assurance Statement will be required to support the company's representation to Ofwat's Draft Determination. This will be underpinned by additional third party assurance.
Storm overflows	Under our 'Better Rivers: Better North West' initiative, we have the support of a dedicated senior analyst for the provision of daily, weekly, monthly and ad-hoc reports and analysis. Data is presented at meetings and forums across the full hierarchy of the organisation, including operational meetings and senior leader meetings. This provides a full view of performance and allows performance to be monitored using the same information across the organisation. The business work streams (treatment and network) come together during these forums to ensure operational performance is being reviewed, monitored and managed end to end. There is continual regular engagement with any contractors and service providers who manage our monitoring equipment. This provides a speedy and direct escalation route to help manage any potential data queries. The regulatory returns have a multi-layered review and are signed off by the Wastewater Services Director following engagement from the executive ahead of any regulatory submission.

In addition to our published targeted areas, we focused more specific external assurance relating to a number of our performance commitments. The table below outlines the assurance and reporting requirements, which have been undertaken by specialist external assurance providers in order to meet the additional assurance and reporting requirements of the final determination (ofwat.gov.uk/publication/consolidated-pr19-final-determinations-united-utilities-outcomes-performance-commitment-appendix/).

Appendix 1 Assurance summary and findings

Further information and relevant copies of those assurance reports that require publication can be found at:
unitedutilities.com/globalassets/documents/pdf/apr-2023-24-external-assurance-reports.

Performance commitment	Reporting/assurance requirement	Assurance activity	Assurance provider
Leakage	**Reporting:** The company will also report leakage as a three year average in Ml/d to one decimal place, corresponding to the percentage reduction reported.	We do report leakage as a three year average to one decimal place. This can be found in table 3F line 5.	Jacobs
Per capita consumption	**Reporting:** The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.	We do report per capita consumption as a three year average in litres per person per day to one decimal place. This can be found in table 3F line 6.	Jacobs
Mains repairs	**Reporting:** The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company's active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.	We do report mains repairs pro-actively and reactively separately. This can be found in table 3F lines 1 (reactive) and 2 (proactive).	Jacobs
Unplanned outage	**Reporting:** The company should report its current company level peak week production capacity (PWPC) (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.	The figures for PWPC, unplanned outage and planned outage are reported in table 3I line 1. This performance commitment is assured in line with our published assurance framework. Our independent technical assurance provider, Jacobs, was able to confirm compliance with the PR19 methodology.	Jacobs
Risk of severe restrictions in a drought	**Reporting:** As defined in the reporting guidance https://www.ofwat.gov.uk/publication/drought-resilience-metric-risk-of-severe-restrictions-in-a-drought/	This measure has been assured in line with our published assurance framework. We can confirm that our independent technical assurance provider considered the guidance within its assessment.	Jacobs
Priority Services for customers in vulnerable circumstances	**Reporting:** Companies should also report the following information: PSR reach: companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs. PSR data checking: Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this. Regardless of whether an 'attempted' contact is undertaken through the company or a third party, we require all performance to be reported as part of the single 'attempted contact' measure in the company's overall performance reporting to Ofwat.	We do report in line with the requirements. This can be found in the "You're highly satisfied with our service" section of this document on page 68.	Jacobs
Keeping reservoirs resilient (no. of people moved to acceptable risk)	**Reporting:** The company will appoint appropriately qualified third parties to assure scheme delivery and reduction in risk due to works completed at each site.	We appoint appropriately qualified third parties to assure the scheme delivery and reduction in risk. The Risk Estimation Team is the body responsible for undertaking the risk assessment for each reservoir. The RET is comprised of members of the UUW Reservoir Safety Team, UUW Geotechnical and Structural Engineers, construction design partners, where appropriate, and any independent, government appointed Qualified Civil Engineer ("panel engineer") relevant to the site. This measure has been assured in line with our published assurance framework. We can confirm that our independent technical assurance provider confirmed we report in line with the requirements.	Jacobs

Appendix 1 Assurance summary and findings

Performance commitment	Reporting/assurance requirement	Assurance activity	Assurance provider
Internal sewer flooding	**Reporting:** This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections. Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.	We do report internal sewer flooding as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections. This can be found in table 3G line 3. The number of sewer connections has not had a material impact on this measure.	Jacobs
Pollution incidents	**Reporting:** This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer. Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.	We do report pollution incidents as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer. This can be found in table 3G line 4.	Jacobs
Risk of sewer flooding in a storm	**Reporting:** As defined in the guidance. https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/	This measure has been assured in line with our published assurance framework. We can confirm that our independent technical assurance provider considered the guidance within its assessment.	Jacobs
Sewer collapses	**Reporting:** The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.	We do report sewer collapses with the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining. This can be found in Table 3I line 4.	Jacobs
C-MeX	**Reporting/Assurance:** The company will provide a statement that confirms whether the company offered at least five communication channels for receiving customer contacts and complaints and at least three online channels throughout the reporting year. Further reporting and assurance should be in the form and manner set out in the guidance.	This measure has been assured in line with our published assurance framework. This information relating to at least five communication channels for receiving customer contacts and complaints and at least three online channels can be found on page 66. As per the assurance guidance above no downward adjustment is required as we have provided the required number of contact channels.	Jacobs
D-MeX	**Reporting:** The company will report the process the company has taken to assure itself that its performance against the selected Water UK metrics in D-MeX are an accurate reflection of its underlying performance in the reporting year, and any findings that indicate this is not the case.	This measure has been assured in line with our published assurance framework and the assurance was able to confirm that the selected Water UK metrics in D-MeX are an accurate reflection of our underlying performance in the reporting year. We maintain a number of levels of assurance activity to collate and calculate quantitative metrics reported in table 3D. These include: a. Performance data is managed through our corporate system, which contains coded tasks and service level agreements (SLA) for D-MeX; b. Staff are provided with training and support for compliance in system operation; c. Performance analysts maintain a live system dashboard to show workloads, risk to SLA and compliance results. These dashboards are generated directly from the corporate system; d. This information is audited by the performance analyst throughout the month to provide data assurance. Each week, the performance analyst meets with the respective area manager to review their results, and discuss corrective actions or training needed; e. D-MeX performance is managed in-month in regular performance meetings within the Developer services function, as well as a director-lead ODI board each month; f. Internal, second line assurance against agreed methodologies is provided by the regulatory reporting team as well as periodic corporate audit reviews; and g. In additional to our annual reporting we maintain six and nine month financial year reporting, which is prepared though a designated line owner with assurance from a designated senior manager. At year end there is Executive sponsor sign off of the D-MeX performance.	Jacobs

Appendix 1 Assurance summary and findings

Performance commitment	Reporting/assurance requirement	Assurance activity	Assurance provider
Reducing water quality contacts due to taste, smell and appearance.	**Reporting:** The company is also required to report consumer contacts separately for appearance and taste and odour for the Discover Water website.	We provide the information on consumer contacts reported separately for appearance and taste and odour to Water UK for publication on the Discover Water website at: **https://www.discoverwater.co.uk/**	Jacobs
Water service resilience	**Assurance:** The company must publish independent reports of the assessment audit of the baseline position and then further audits of assessment of any changes in the risk position claimed within the year for each year between 2020 and 2025. If changes are necessary to the methodology or underlying data, the reports will make an assessment of any potential impact on reported performance and state the impact on the baseline position and any earlier reported years.	This measure has been assured in line with our published assurance framework. We can confirm that our independent technical assurance provider considered the guidance within its assessment. The summary of findings is published at: **unitedutilities.com/globalassets/documents/pdf/apr-2023-24-external-assurance-reports**	Jacobs
Improving the water environment	**Assurance:** The company will ask the Environment Agency to confirm that performance has been correctly reported. The view of the Environment Agency will be definitive.	The Environment Agency confirm that schemes have been satisfactorily completed in the AMP7 WINEP. We consider this position as definitive and then fully align our performance commitment to this reported position. **The WINEP is saved on Defra's SharePoint site: https://defra.sharepoint.com/teams/Team843/WINEP/Forms/AllItems.aspx**	Environment Agency
Improving river water quality	**Assurance:** The company will ask the Environment Agency to confirm that performance has been correctly reported. The view of the Environment Agency will be definitive.	The Environment Agency confirm that schemes have been satisfactorily completed in the AMP7 WINEP. We consider this position as definitive and then fully align our performance commitment to this reported position. **The WINEP is saved on Defra's SharePoint site: https://defra.sharepoint.com/teams/Team843/WINEP/Forms/AllItems.aspx**	Environment Agency
Protecting the environment from the impact of growth and new development	**Assurance:** The company will submit an independent assurance report that summarises the evidence that additional treatment capacity was required by 31 March 2025 when on site investment began. It will also set out the additional capacity that is delivered and summarise the evidence that the capacity was required within the project design horizon and set out the rationale for the project design horizon.	The additional assurance requirement will be undertaken at the end of the AMP when the performance commitment is reconciled.	Jacobs
Enhancing natural capital value for customers	**Assurance:** The company will ensure that its baseline level of performance is subject to an independent audit. The company will obtain assurance by an appropriately qualified third party of its performance. When deciding whether to apply a conventional or non-conventional approach to deliver a particular scheme, the company will apply a standard methodology that is aligned with price review guidance and best practice to select the solution which is the best value and manages the risk to the environment. This methodology will include an assessment of the whole life costs required to deliver each type of solution. The conventionality of the solution, assessment of best value option selected and claimed added value contributing to this performance commitment. This will also be independently assured annually.	This performance commitment is assured in line with our published assurance framework. In addition to our independent technical assurance provider, Jacobs, the baseline and the annual assessment has been undertaken by McKinsey & Company (formally Vivid Economics).	McKinsey & Company (previously Vivid Economics) and Jacobs
Better air quality	**Assurance:** The company will provide independent assurance including that: • The concentration of NOx emissions are measured by independent qualified third party according to BS EN 14792 Stationary source emissions. Determination of mass concentration of nitrogen oxides (NOx) (or its successors or recognised equivalents). • All operational data relating to energy, electricity generation and biomethane production is compliant with the international carbon reporting standard (ISO 14064, Part 1) (or its successors or recognised equivalents) and assured following an audit by an appropriately qualified independent third party.	This performance commitment is assured in line with our published assurance framework. In addition to our independent technical assurance provider, Jacobs, specific independent assurance is also provided by Element Materials Technology Environmental UK Ltd. Our greenhouse gas inventory has undergone independent, third-party verification by Achilles Information Limited to confirm that our reporting is compliant with the international carbon reporting standard (ISO 14064, Part 1). **An overview of our approach can be seen at: https://www.unitedutilities.com/corporate/responsibility/environment/climate-change/climate-change-mitigation/**	Jacobs, Element Materials Technology Environmental UK Ltd

Appendix 1 Assurance summary and findings

Performance commitment	Reporting/assurance requirement	Assurance activity	Assurance provider
Gap sites (retail)	**Assurance:** The company is to provide an independent report setting out assurance that it has rigorous processes that are correctly implemented to identify and bill newly built properties.	This performance commitment is assured by our independent technical assurance provider, Jacobs, in line with our published assurance framework. In year one, we commissioned Jacobs to undertake a targeted audit to confirm that the methodology and processes to identify and bill newly built properties are both robust and implemented correctly. Jacobs concluded "…we consider UU has rigorous processes in place to ensure newly built properties that are connected to the UU network are identified, captured and billed, thus minimising the number of 'gap sites' in the network". Following their assurance work this year, Jacobs confirmed we fully comply with the latest guidance from Ofwat and that there have been no changes to the methodology and processes undertaken.	Jacobs
Systems Thinking capability	**Assurance:** The company will conduct annual assurance from an appropriately qualified external third party which confirms that the reported maturity scores have been achieved in all eight capability areas and against the requirements of all 44 questions using a consistent methodology.	This performance commitment is assured by our independent technical assurance provider, Jacobs, in line with our published assurance framework.	Jacobs
Raising customer awareness to reduce the risk of flooding	**Assurance:** The measure will be tracked by an independent customer research organisation annually.	The measure is tracked by DJS, an independent customer research organisation annually. This performance commitment is assured by our independent technical assurance provider, Jacobs, in line with our published assurance framework.	Jacobs
Hydraulic internal flood risk resilience	**Assurance:** The company must publish independent reports of the assessment audit of the baseline position and then further audits of assessment of any changes in the risk position claimed within the year for each year between 2020 and 2025. If changes are necessary to the methodology or underlying data, the reports will make an assessment of any potential impact on reported performance and state the impact on the baseline position and any earlier reported years.	This performance commitment is assured by our independent technical assurance provider, Jacobs, in line with our published assurance framework. The independent baseline assurance can be found at: **unitedutilities.com/globalassets/documents/pdf/apr-2023-24-external-assurance-reports**	Jacobs
Hydraulic external flood risk resilience	**Assurance:** The company must publish independent reports of the assessment audit of the baseline position and then further audits of assessment of any changes in the risk position claimed within the year for each year between 2020 and 2025. If changes are necessary to the methodology or underlying data, the reports will make an assessment of any potential impact on reported performance and state the impact on the baseline position and any earlier reported years.	This performance commitment is assured by our independent technical assurance provider, Jacobs, in line with our published assurance framework. The independent baseline assurance can be found at: **unitedutilities.com/globalassets/documents/pdf/apr-2023-24-external-assurance-reports**	Jacobs

Appendix 1 Assurance summary and findings

Compliance with methodology

In order to provide transparency on the degree to which we have been able to implement the most up to date common measures reporting guidance, we have produced the following table.

Performance commitment	Status
Water supply interruptions	Green – compliant
Internal sewer flooding	Green – compliant
Sewer collapses	Green – compliant
Treatment works compliance	Green – compliant
C-MeX	Green – compliant
D-MeX	Green – compliant
Water quality CRI	Green – compliant
Leakage	Amber – partially compliant*
Per capita consumption	Green – compliant*
Pollution incidents	Green – compliant
Risk of sewer flooding in a storm	Green – compliant
Mains repairs	Green – compliant
Priority Services for vulnerable customers	Green – compliant
Risk of severe restrictions in a drought	Green – compliant
Unplanned outages	Green – compliant

* See page 246 for full breakdown of compliance with components of leakage and PCC methodology with common measures reporting methodology (RAG 3.14 Section 4.4).

Appendix 1 Assurance summary and findings

Deviation from methodology – statement of additional clarity

This section sets out identified exceptions to published methodology requirements.

Statement of additional clarity – leakage

In 2022/23 there was a single element of the leakage common methodology where we were not fully compliant; this was the availability of reporting night flow data. We have made progress over the reporting year and while we are currently reporting a year end average availability figure of 89%, marginally under the target figure of 90%, since September 2023 we have been consistently above the 90% threshold. Our actual year end figure is 93%. The 2018 Ofwat leakage reporting guidance states that 90 per cent of all properties within continuous night flow monitoring networks shall be available for reporting night flow data through the year,and we expect to be fully compliant in 2024/25. The impact on our overall leakage figure as a result of this remains marginal.

The leakage reporting impact of this issue is considered to be marginal because we generally find that leakage derived from demand/distribution monitoring zone (DMZ) estimates is marginally higher than leakage derived from metered flows. Therefore, this issue would typically be expected to lead to a slight over-estimate of district metered area (DMA) leakage levels. Nonetheless, it is worth noting that the approach we use to calculate leakage upstream of DMAs (our 'tile balance' approach utilising mass balances) means that any under or over estimation in DMA leakage would still be captured in our reported upstream leakage (and, therefore, in our reported total leakage).

As part of our full year water balance reconciliation, we can confirm our water balance gap is 1.58 per cent, which falls well within the +/- 2 per cent tolerance as defined in the reporting requirements.

Appendix 1 Assurance summary and findings

Summary of the findings of the assurance

This section summarises the findings of the assurance that has been undertaken to support the Annual Performance Report.

Financial auditor – We have engaged KPMG to provide an audit opinion or perform procedures as agreed with management on the regulatory accounting information set out in the table below. The coverage of the KPMG audit opinion is set out in more detail, together with the findings from this review on pages 111 to 114 within Section 2 of the APR. KPMG has completed agreed upon procedures for the Section 4 and Section 9 pro forma tables identified in the following table, with no issues noted.

Technical auditors – We have engaged Jacobs to review the performance and volumetric data used to support the remainder of the data within the APR tables, including the outcome delivery information and cost assessment tables.

The findings from the technical auditor's review, which covers the APR information, were presented to the UUW board and are set out below. The Independent Technical Assurance Statement is set out on pages 250 to 264.

Corporate audit – UU Corporate Audit performed an independent review of the effectiveness and application of the assurance framework applied to the APR. The findings were presented directly to the UUW board and are set out in Section 4 of the corporate audit report on pages 265 to 268 below.

In addition, YourVoice, the independent challenge panel, has reviewed our performance and reporting throughout the year and presented its findings directly to the UUW board. The reflections of the panel on United Utilities' performance during 2023/24 can be found on our website http://www. unitedutilities.com/globalassets/documents/pdf/apr-yourvoice-statement-2023-24

The table below sets out each area of the APR and shows how the independent assurance has been provided for that area.

UUW Annual Performance Report data tables – independent assurance

Section 1 Regulatory financial reporting at 31 March 2024		Lines	Independent assurance
1A	Income statement	All	KPMG audit opinion
1B	Statement of comprehensive income	All	KPMG audit opinion
1C	Statement of financial position	All	KPMG audit opinion
1D	Statement of cash flows	All	KPMG audit opinion
1E	Net debt analysis	All	KPMG audit opinion
1F	Financial flows	All	KPMG audit opinion
Section 2 Price review and other segmental reporting at 31 March 2024			
2A	Segmental income statement	All	KPMG audit opinion
2B	Totex analysis – wholesale water and wastewater	All	KPMG audit opinion
2C	Operating cost analysis – retail	All	KPMG audit opinion
2D	Historical cost analysis of tangible and fixed assets wholesale and retail	All	KPMG audit opinion
2E	Analysis of grants and contributions – water resources, water network plus and wastewater network plus	All	KPMG audit opinion
2F	Residential retail	All	KPMG audit opinion
2G	Non-household water – revenues by tariff type	All	N/A
2H	Non-household wastewater – revenues by tariff type	All	N/A
2I	Revenue analysis	All	KPMG audit opinion
2J	Infrastructure network reinforcement costs	All	KPMG audit opinion
2K	Infrastructure charges	All	KPMG audit opinion
2L	Analysis of land sales	All	KPMG audit opinion
2M	Revenue reconciliation – wholesale tariffs	All	KPMG audit opinion
2N	Residential retail – social tariffs	All	KPMG audit opinion
2O	Historic cost analysis of intangible fixed assets	All	KPMG audit opinion
Section 3 Performance summary			
3A	Outcome performance water common performance commitments	All	Jacobs agreed upon procedures
3B	Outcome performance wastewater common performance commitments	All	Jacobs agreed upon procedures

Appendix 1 Assurance summary and findings

3C	Customer measure of experience (C-MeX) table	All	Jacobs agreed upon procedures
3D	Developer services measure of experience (D-MeX) table	All	Jacobs agreed upon procedures
3E	Outcome performance – non financial performance commitments	All	Jacobs agreed upon procedures
3F	Underlying calculations for common performance commitments – Water and Retail	All	Jacobs agreed upon procedures
3G	Underlying calculations for common performance commitments – Wastewater	All	Jacobs agreed upon procedures
3H	Summary information on outcome delivery incentive payments	All	Jacobs agreed upon procedures
3I	Supplementary outcomes information	All	Jacobs agreed upon procedures
Section 4 Additional regulatory information – service level			
4A	Water bulk supply information	All	Jacobs agreed upon procedures
4B	Analysis of debt	All	KPMG agreed upon procedures
4C	Impact of price control performance to date on RCV	All	KPMG agreed upon procedures
4D	Totex analysis – water resources water network plus	All	KPMG agreed upon procedures
4E	Totex analysis – wastewater network plus and bioresources	All	KPMG agreed upon procedures
4F	Major project expenditure for wholesale water by purpose	All	Jacobs agreed upon procedures
4G	Major project expenditure for wholesale wastewater by purpose	All	Jacobs agreed upon procedures
4H	Financial metrics	All	KPMG agreed upon procedures
4I	Financial derivatives	All	KPMG agreed upon procedures
4J	Base expenditure analysis – water resources and water network plus	All	KPMG agreed upon procedures
4K	Base expenditure analysis – wastewater network plus and bioresources	All	KPMG agreed upon procedures
4L	Enhancement expenditure water resources and water network plus	All	Jacobs agreed upon procedures
4M	Enhancement expenditure on wastewater network plus and bioresources	All	Jacobs agreed upon procedures
4N	Developer services expenditure – water resources and water network plus	All	KPMG agreed upon procedures
4O	Developer services expenditure – wastewater network plus and bioresources	All	KPMG agreed upon procedures
4P	Expenditure on non-price control diversions	All	KPMG agreed upon procedures
4Q	Developer services non financial information	All	Jacobs agreed upon procedures
4R	Properties, customers and population	All	Jacobs agreed upon procedures
4S	Green Recovery expenditure – water resources and water network plus	All	Jacobs agreed upon procedures
4T	Green Recovery expenditure – wastewater network plus and bioresources	All	Jacobs agreed upon procedures
4U	Impact of Green Recovery on RCV	All	Jacobs agreed upon proceedures
4V	Mark to market of financial derivatives	All	KPMG agreed upon procedures
4W	Defined benefit pension scheme	All	KPMG agreed upon procedures
4X	Accelerated infrastructure delivery project expenditure	All	N/A
4Y	Accelerated infrastructure delivery project expenditure	All	KPMG agreed upon procedures
Section 5 Additional regulatory information – water resources			
5A	Water resources asset and volumes data	All	Jacobs agreed upon procedures
5B	Water resources operating cost analysis	All	Jacobs agreed upon procedures
Section 6 Additional regulatory information – water network plus			
6A	Raw water transport, raw water storage and water treatment	All	Jacobs agreed upon procedures
6B	Treated water distribution – assets and operations	All	Jacobs agreed upon procedures

Appendix 1 Assurance summary and findings

6C	Water network plus – mains, communication pipes and other data	All	Jacobs agreed upon procedures
6D	Demand management – metering and leakage activities	All	Jacobs agreed upon procedures
6F	WRMP annual reporting on delivery	All	Jacobs agreed upon procedures
Section 7 Additional regulatory information – wastewater network plus			
7A	Wastewater network plus functional expenditure	All	Jacobs agreed upon procedures
7B	Wastewater network plus large STW	All	Jacobs agreed upon procedures
7C	Wastewater network plus sewer and volume data	All	Jacobs agreed upon procedures
7D	Wastewater network plus sewage treatment works data	All	Jacobs agreed upon procedures
7E	Wastewater network plus energy consumption and other data	All	Jacobs agreed upon procedures
7F	WINEP Phosphorus removal scheme costs	All	Jacobs agreed upon procedures
Section 8 Additional regulatory information – bioresources			
8A	Bioresources sludge data	All	Jacobs agreed upon procedures
8B	Bioresources operating expenditure analysis	All	Jacobs agreed upon procedures
8C	Bioresources energy and liquors analysis	All	Jacobs agreed upon procedures
8D	Bioresources sludge treatment and disposal data	All	Jacobs agreed upon procedures
Section 9 Additional regulatory information – innovation competition			
9A	Innovation competition	All	KPMG agreed upon procedures
Section 10 Green Recovery			
10A	Green Recovery data capture additional items	All	Jacobs agreed upon procedures
10B	Green Recovery data capture outcomes – water	All	Jacobs agreed upon procedures
10C	Green Recovery data capture outcomes – wastewater	All	Jacobs agreed upon procedures
10D	Bespoke performance commitments	All	Jacobs agreed upon procedures
10E	Green Recovery data capture reconciliation	All	Jacobs agreed upon procedures
10F	Annual reporting to account for impacts of accelerated infrastructure delivery projects	All	Jacobs agreed upon procedures
10G	Additional reporting to account for impacts of transitional expenditure	All	Jacobs agreed upon procedures
10H	Accelerated schemes data capture reconciliation model input	All	Jacobs agreed upon procedures
Section 11 Operational greenhouse gases			
11A	Operational greenhouse gas emissions	All	Jacobs agreed upon procedures

Relevant commentary for tables 3-11 is provided on our website at:
unitedutilities.com/globalassets/documents/pdf/apr-table-commentary-2024 and
unitedutilities.com/globalassets/documents/pdf/rr24-accounting-methodology-statement

Appendix 1 Assurance summary and findings

The below tables outline our compliance with the leakage and the PCC methodology in line with RAG 3.13 Section 4.14.

Leakage

Component/Element		2023/24 Component R/A/G	2023/24 Element R/A/G	2023/24 Confidence grade
1	Coverage	Green		A2
1a	Coverage – 95% of all properties have continuous night flow monitoring through the year		Green	A2
2	Availability	Amber		A2
2a	Availability – At least 90% of all properties within continuous night flow monitoring networks available for reporting night flow data through the year		Amber	A2
3	Properties	Green		A2
3a	Properties – All properties mapped to defined zones or DMAs using geo-location or similar methods		Green	A2
3b	Properties – Consistency of property numbers contained within DMAs or zones with company billing system. Valid differences explained		Green	A2
3c	Properties – defined as void excluded from night use allowances unless evidence for use or losses from illegal occupation is available.		Green	A2
3d	Properties – Leakage allowance applied for properties not within DMAs or monitored zones consistent with other leakage estimates.		Green	A2
3e	Properties – Property data updated at least annually		Green	A2
4	Night flow period and analysis	Green		A2
4a	Night flow period and analysis – Night flow data frequency at least every 15 minutes		Green	A2
4b	Night flow period and analysis – Leakage derived from a fixed period during the night of at least a one hour period and up to two hours		Green	A1
4c	Night flow period and analysis – If the fixed period is varied during the year for some or all DMAs or zones to address significant changes to night use patterns such as during Ramadan evidence for this is provided		Green	A1
4d	Night flow period and analysis – Leakage allowance applied for properties not within DMAs or monitored zones consistent with other leakage estimates		Green	A2
4e	Night flow period and analysis – Data infilling for a single DMA or zone does not use more than six months of historic data before moving to area average		Green	A2
4f	Night flow period and analysis – Data infilling where historic data is not available uses the area average in which the DMA is located		Green	A2
4g	Night flow period and analysis – When a DMA is restored to operability, the subsequent leakage data is used to retrospectively update the data infilling interpolating between pre- and post- data over at least one month		Green	B2
4h	Night flow period and analysis – Where NHH properties are continuously monitored, the actual values of flow over the night flow period are used in place of estimates within the night flow analysis		Green	A2
4i	Night flow period and analysis – Weekly leakage estimates are used for annual reporting with no exclusions for summer months		Green	A2
4j	Night flow period and analysis – Negative leakage values are used in compiling values of annual average leakage		Green	B2
4k	Night flow period and analysis – The reasons for any prolonged periods of negative leakage are investigated and explained		Green	A2
5	Household night use	Green		A2
5a	Household night use – The time period for HHNU is the same time period as used for night flow and NHHNU		Green	A1
5b	Household night use – Own data or shared data with proximate companies is used for HHNU		Green	A1
5c	Household night use – Plumbing losses are included and based on own data		Green	A2
5d	Household night use – Evidence that survey is representative (based on demography, property type or other factors) of the company as a whole		Green	A2
5e	Household night use – Sample size is sufficient to capture continuous and intermittent night use with reasonable confidence		Green	A1

Appendix 1 Assurance summary and findings

Component/Element		2023/24 Component R/A/G	2023/24 Element R/A/G	2023/24 Confidence grade
5f	Household night use – Continual monitoring and maintenance of IHMs (individual household monitors) and SAMs (small area monitors)		Green	A2
5g	Household night use – HHNU is derived daily with regular, adjustment of values on a weekly or monthly frequency to reflect actual seasonal use. This may be done retrospectively		Green	A2
6	Non-household night use	Green		A2
6a	Non-household night use – The time period for NHHNU is the same time period as used for night flow and HHNU		Green	A1
6b	Non-household night use – Own data or shared data with proximate companies is used for NHHNU		Green	A3
6c	Non-household night use – 1999 UKWIR methodology with the appropriate time window as used for the night flow and the published outcome of further methodology development is applied		Green	A1
6d	Non-household night use – Stratification of non-households to a number of groups and consumption bands is representative of the varying characteristics of commercial and industrial properties		Green	A3
6e	Non-household night use – Sample size is sufficient to capture night use by stratification with reasonable confidence		Green	A1
6f	Non-household night use – Reliable and representative average billed volume (ABV) model based on data logging of the representative sample sufficient to capture demand variations with further seasonal logging where relevant. Continuously logged properties not part of the sample		Green	A2
6g	Non-household night use – ABV model linked to billing system or replacement database of billed volumes. Average billed volumes updated at least annually		Green	A2
6h	Non-household night use – Continuous monitoring of selected non-households is carried out where average demand of an individual non-household has a material impact on the ability for a DMA or zone to provide valid and consistent data within operability limits		Green	A2
7	The hour-to-day factor	Green		B2
7a	The hour-to-day factor is derived separately for each DMA or zone using pressure logging within each DMA or zone. The factors are updated at least annually or where there are any significant changes to pressure regimes		Green	B2
7b	Hour to day conversion – As an alternative, hydraulic models, reflecting latest network configuration and pressure changes, are used if they dis-aggregate in sufficient detail at sub-zone level		Green	B2
7c	Hour to day conversion – Evidence-based N1 value used. Expected range is 1.0 to 1.20		Green	B2
8	Annual distribution leakage	Green		B2
8a	Annual distribution leakage – Average weekly data is derived from valid daily values of leakage using data points which are representative of the week. Backfilling using the methods described in Section 5.4 – night flow analysis – is done when valid data is not available for three or more data points		Green	B2
8b	Annual distribution leakage – The annual value of leakage expressed as Ml/d is be derived from an average of the 52 week data		Green	B2
9	Trunk main leakage	Green		B2
9a	Trunk main leakage – Company specific data is used to assess the value of trunk main leakage		Green	B2
9b	Trunk main leakage – Proactive leakage monitoring approach applied where trunk main losses form a significant element of total leakage or the MLE water balance gap is greater than +/-2%		Green	B1
9c	Trunk main leakage – If trunk main losses greater than 5% of total leakage estimates reviewed annually		Green	B1
10	Service reservoir losses	Green		
10a	Service reservoir losses – Company specific data is used to assess the value of service reservoir losses		Green	B2
10b	Service reservoir losses – Reservoirs with known high leakage, structural deficiencies or at risk of water quality failures are investigated on an individual basis		Green	B2
10c	Service reservoir losses – Drop tests (12 hour duration depending on size) carried out every five or ten years. All valves checked for tight close; and losses through overflows investigated. Appropriate monitoring arrangements in place to control and minimise overflow events		Green	B2

Appendix 1 Assurance summary and findings

Component/Element		Component R/A/G (2023/24)	Element R/A/G (2023/24)	Confidence grade (2023/24)
11	Distribution input	Green		A2
11a	Distribution Input to the system is metered with at least daily readings at all defined locations		Green	A2
11b	Distribution Input – Meters are appropriate size for the flow to be measured and located at appropriate inputs to the network confirmed by record plans. Any treatment works take-off downstream of a meter are excluded from the DI calculations		Green	A2
11c	Distribution Input – Data validity checks are carried out at least monthly		Green	A2
11d	Distribution Input – Missing data is infilled using both pre- and post- data for the location over at least one month, extrapolated from pump hours or use of upstream or downstream meters		Green	A2
11e	Distribution Input – The data transfer systems from meter output to central database are checked and validated on a risk-based frequency from one up to two years		Green	A2
11f	Distribution Input – Flow checks are carried out on DI meters consistent with the principles of the document 'EA Abstraction Good Metering Guide' and in particular the frequency of flow checking defined in table 6.2 of the EA guide		Green	B2
12	Measured consumption	Green		A2
12a	Measured consumption – Metered data is derived from own billing system or from CMOS for non-households		Green	A2
12b	Measured consumption – Estimate of supply pipe losses is included for internally metered properties consistent with own current assumption of supply pipe losses		Green	A2
12c	Measured consumption – Inclusion of any leakage allowance is included where a rebate has been applied to a customer's bill		Green	A2
12d	Measured consumption – Meter under-registration (MUR) is applied consistent with own estimates. Evidence of MUR available especially for MUR above 3%.		Green	A2
12e	Measured consumption – Meter replacement consistent with own replacement programme		Green	A3
13	Unmeasured consumption	Green		A2
13a	Unmeasured consumption – Monitors follow principles set out in the UKWIR Report 'Best Practice for unmeasured per-capita consumption monitors 1999' and the more recent report 'Future Estimation of Unmeasured Household Consumption', UKWIR 2017		Green	A2
13b	Unmeasured consumption – Consumption is derived from own individual household monitor or small area surveys		Green	A2
13c	Unmeasured consumption – Evidence that survey is representative (based on demography, property type or other factors) of the company as a whole; valid data available from at least 80% of monitors as an annual average measure		Green	A2
13d	Unmeasured consumption – For companies using SAMs – SAM (small area monitor) comprises a representative sample of customer' characteristics. The sample size is sufficient to provide a statistically representative sample after allowing for outages. Where the proportion of metered properties in an area exceeds 50% of total properties then further data validity tests are applied. For companies using IHMs – IHM (individual household monitor) comprises representative sample of customer characteristics. The sample is at least 1000 properties		Green	A2
13e	Unmeasured consumption – Uncertainty allocated to unmeasured household consumption is estimated and justified		Green	A2
13f	Unmeasured consumption – There is continual monitoring and maintenance of IHMs and SAM monitors		Green	A2
13g	Unmeasured consumption – Meters are selected to provide sufficient granularity to detect low continuous flows indicative of plumbing losses or leakage short duration flow variations. The value of meter under registration is less than the company's average meter stock		Green	B3
13h	Unmeasured consumption – Estimate of plumbing losses is based on own data		Green	B2
13i	Unmeasured consumption – Where unmeasured non-household reported volume is less than 2% of total non-household demand, data from a per property consumption study is refreshed every five years		Green	AX
13j	Unmeasured consumption – Where unmeasured non-household reported volumes are greater than 2% of non-household demand, data from a property study is refreshed every two years		Green	A2

Appendix 1 Assurance summary and findings

Component/Element		Component R/A/G (2023/24)	Element R/A/G (2023/24)	Confidence grade (2023/24)
14	Company own water use	Green		
14a	Company own water use – All sewage treatment sites and other sites and assets supplied downstream of the DI meters using greater than 10 m3/d (0.01 Ml/d) are metered		Green	B2
14b	Company own water use – An estimate of total company own use is included in the water balance, based on a clear methodology and actual data		Green	B2
14c	Company own water use – Estimate of distribution operational use is evidence based and not greater than 0.6% of distribution input		Green	A2
15	Other water use	Green		
15a	Other water use – Other use components are based on own data		Green	B2
15b	Other water use – Estimate of water delivered unbilled (legally and illegally) is evidence based and not greater than 1.8% of distribution input		Green	B2
15c	Other water use – Estimates are updated when there is a material increase or decrease to volumes		Green	B2
16	Water balance and MLE	Green		
16a	Water balance and MLE – Fully measured components have a range from 2% to 4%		Green	B2
16b	Water balance and MLE – Mainly measured with some estimated adjustments have a range from 2.5% to 5%		Green	B2
16c	Water balance and MLE – Estimated using detailed and reliable methods have a range from 8% to 12%		Green	B2
16d	Water balance and MLE – Broad estimates not fully detailed or reliable have a range from 20% to 50%		Green	B2
16e	Water balance and MLE – Water balance discrepancy: <2% = Green >2% and <3% = Amber >3% = Red		Green	B2

Per capita consumption

Component/Element		Component R/A/G (2023/24)	Element R/A/G (2023/24)	Confidence grade (2023/24)
1	Household population estimates	Green		A2
1a	Household population estimates – derived using WRMP methodology		Green	A2
1b	Household population estimates – evidence for adjustments for clandestine population if any		Green	A2
1c	Household population estimates – updated annually		Green	A2
1d	Household population estimates – exclusion of non household population in accordance with WRMP methods		Green	A2
2	Household property estimate	Green		A2
2a	Household property estimate – Definition of household/non-household consistent with eligibility under market separation		Green	A2
2b	Household property estimate – Evidence of void properties updated annually		Green	A2
2c	Household property estimate – Property figures annually updated		Green	A2
3	Measured household consumption	Green		A2
3a	Measured household consumption – Metered data is derived from own billing system		Green	A2
3b	Measured household consumption – If leakage allowances are applied the process and evidence for this is clearly set out		Green	A2
3c	Measured household consumption – Average SPL (supply pipe leakage) deductions for externally metered households using company own data updated annually		Green	A2
3d	Measured household consumption – Company own estimate of MUR (meter under-registration) for revenue meters, which is updated annually		Green	A2
3e	Measured household consumption – Meter replacement consistent with own replacement programme.		Green	A3
4	Unmeasured household consumption (Based on leakage PC RAG elements)	Green		A2
4a	Unmeasured household consumption - Monitors follow principles set out in the UKWIR report 'Best Practice for unmeasured per capita consumption monitors 1999' 11 and the more recent report 'Future Estimation of Unmeasured Household Consumption', UKWIR 2017.		Green	A2
4b	Unmeasured household consumption - Consumption is derived from own IHM or SAM or evidence to support other method appropriate for high meter penetration companies.		Green	A2
4c	Unmeasured household consumption - Evidence that survey is representative (based on demography, property type or other factors) of the company as a whole; Valid data available from at least 80% of monitors as an annual average measure.		Green	A2
4d	Unmeasured household consumption - For companies using SAMs - SAM comprises a representative sample of customer' characteristics. The sample size is sufficient to provide a statistically representative sample after allowing for outages. Where the proportion of metered premises in an area exceeds 50% of total premises then further data validity tests are applied. For companies using IHMs – IHM comprises representative sample of customer characteristics. The sample is at least 1000 premises.		Green	A2
4e	Unmeasured household consumption - Uncertainty allocated to unmeasured household consumption is estimated and justified.		Green	A2
4f	Unmeasured household consumption - There is continual monitoring and maintenance of IHMs and SAM monitors.		Green	A2
4g	Unmeasured household consumption - Meters are selected to provide sufficient granularity to detect low continuous flows indicative of plumbing losses or leakage short duration flow variations. The value of meter under registration is less than the company's average meter stock.		Green	B3
4h	Unmeasured household consumption - Estimate of plumbing losses is based on own data.		Green	A2
4i	Unmeasured household consumption - Where unmeasured non-household reported volume is less than 2% of total non-household demand, data from a per property consumption study is refreshed every five years.		Green	AX
4j	Unmeasured household consumption - Where unmeasured non-household reported volumes are greater than 2% of non-household demand, data from a property study is refreshed every two years.		Green	A2
4k	Unmeasured household consumption - Company own estimate of MUR for monitor meters which is updated annually.		Green	A2
4l	Unmeasured household consumption - Meter replacement consistent with own replacement programme.		Green	A2

Appendix 1 Jacobs audit report

United Utilities Technical Assurance

RR24 Board Assurance Statement

20 June 2024

United Utilities

Appendix 1 Jacobs audit report

RR24 Board Assurance Statement

Jacobs

United Utilities Technical Assurance

Project No:	B2349203
Document Title:	RR24 Board Assurance Statement
Document No.:	1
Revision:	3
Document Status:	Final
Date:	20/06/2024
Client Name:	United Utilities
Project Manager:	Alexandra Crawford
Author:	Lisa Slade
File Name:	United Utilities RR24 Board Assurance Statement_Final_v3

Jacobs U.K. Limited

www.jacobs.com

Document history and status

Revision	Date	Description	Author	Checked	Reviewed	Approved
1.0	10/06/2024	Initial Draft to UUW for review	LS	SF	HKC	AC
2.0	14/06/2024	Final version	LS	HKC	SF	AC
3.0	209/06/2024	Final version following UU email 19/06/24. Updated p14 to remove reference to excepted amber actions.	HKC	LS	LS	AC

Appendix 1 Jacobs audit report

RR24 Board Assurance Statement

Jacobs

Contents

1. Introduction 3

2. Role and Scope 4

3. Approach 5

3.1 Process 5

3.2 Process and data audits approach 5

3.3 Assessment 6

4. Findings 7

4.1 Non- Material Blue Actions 9

5. Independent Assurance of financial PCs 10

6. Recommended future actions 12

7. Independent Technical Assurance Statement 14

Appendix 1 Jacobs audit report

1. Introduction

United Utilities (UUW) engaged Jacobs UK Limited to provide external technical assurance. This was to confirm that specific technical and expenditure elements of Regulatory Reporting 2024 (RR24) comply with; the guidance of the Water Services Regulatory Authority (Ofwat); good practice; and the Price Review 2019 (PR19) Final Determination.

All water companies are required by Ofwat to submit an Annual Performance Report (APR). The APR reports progress on the delivery of customer outcomes, service level improvements, transparent cost information and financial performance. Data used by UUW to populate the APR has been derived from their RR24 data return.

The APR prepared by the UUW is required to be accessible to all stakeholders so that they show how the sector is delivering for its customers, environment, and wider society. In this regard, Ofwat has provided a series of standard templates and accompanying guidance for the outcome, performance commitment and incentive mechanisms. The information in the spreadsheet will assist stakeholders to track and compare actual performance.

Each company's Board is accountable for the quality and transparency of the information they provide and for implementing assurance procedures to make sure they meet all their legal and regulatory obligations.

This statement covers our work in providing independent technical assurance on aspects of the Company's APR submission to Ofwat.

2. Role and Scope

Jacobs UK Ltd was appointed to provide an independent review of UUW's compliance and governance processes. This includes the key technical information presented either in or supporting UUW's regulatory performance and public domain information reports.

The scope of our work has been determined by UUW, and largely agreed in our Outline Assurance Plan, dated 2nd February 2024. Our scope is summarised below, and is intended to confirm that s:

APR information (as reported in RR24), is **prepared in accordance with Ofwat's APR guidance and information which supported the Final Determination for the Asset Management Plan (AMP) 7 period. Inform**

The information we have considered to confirm this includes;

- General information
- Customer service information
- Operational activities and performance in AMP7 against PR19 and other business targets
- Networks and treatment
- Capital expenditure allocations to revenue controls and business streams, to investment categories and to performance commitments
- Calculation of 2023/24 performance associated with the Outcome Delivery Incentives and Performance Commitments.
- Other miscellaneous metrics

Where the above guidance does not cover the items assured, they are assessed against the guidelines set out by Ofwat for June Return information up to 2012. The following hierarchy of guidance is deemed to apply:

- Relevant Regulatory Accounting Guidelines: version 4.10, 11, 12 and subsequent clarifications
- APR24 table templates and guidance
- Performance commitments and definitions agreed with Ofwat for the AMP7 period, or as subsequently superseded
- Ofwat's most recent 'June Return' guidance (2012)
- UUW procedures, definitions and assumptions which should where relevant, be compliant with the guidance hierarchy above
- Reasonable and appropriate judgement

3. Approach

3.1 Process

Our approach is summarised in the following steps:

1. Agree scope and assurance plan with UUW
2. Review preliminary topic information
3. Discuss and agree which areas would benefit from an early process audit and schedule
4. Undertake Remote Audits via Microsoft Teams
    - Check that the Company's reported data conforms to the published guidance
    - Identify and examine the material assumptions to assess their reasonableness, and challenge those which we deem to be inappropriate
    - Where appropriate, test on a sample basis, UUW's approach against its stated methods, procedures, policies and assumptions, and reliability of source data
    - Review the appropriateness of the confidence grades assigned,
    - Assess performance in the Report Year and check consistency against that of previous years, and
    - Ensure relevant performance data has been accurately utilised in the calculation of the various performance commitments and ODIs, where applicable.
5. Summarise Audit Findings (SAF)
    - For RR24, the SAF consists of a brief bullet point summary of the findings and a tabulation of any outstanding issues or areas identified for further UUW action.
6. Close out key issues – through iteration between auditor and UUW specialists, escalating through both organisations where appropriate to agree, as appropriate: adjustment to reported information; future action plans; or additional statements which provide adequately transparency of the issue.
7. Presentations and preparation of Reports and Assurance Statement.

3.2 Process and data audits approach

The data audits build on the Method Statement process audits we undertook during the year for some of your performance commitments and data lines. These were selected as part of a risk-based review for the following data lines:

- 7E.2 Bathing waters
- Leakage
- Per Capita Consumption (PCC)
- Systems Thinking
- Customer minutes lost

The process audits took place between January 2024 and March 2024 and the data audits took place between April 2024 and June 2024. Undertaking early process audits have supported more effective data audits.

Most audits took place remotely using Microsoft Teams with a couple undertaken in person. When reviewing your proposed performance figures, we have taken a risk-based approach (via sampling) to assess the completeness, reliability and accuracy of the source data, the robustness of the reported performance figure and the appropriateness of the confidence grade the team had assigned. Where available, we also checked consistency of your teams' internal commentaries with the data we reviewed and ensured that they did not contain any obviously misleading or false statements.

After each process or data audit we provided you with detailed feedback that explained our assessment of the risk associated with the methodology and reported performance figure and listed any actions.

3.3 Assessment

We use the following RAG coding to simply highlight the areas of concern:

Table 1 - RAG Criteria used by Jacobs for reporting compliance against the guidelines

Key to Audit RAG status	
R	Material concerns over the validity of the reported information
A	Potential material concerns over reported information
B	Content with reported information but supporting data needs completion/ noting/or future improvements required
G	No material exceptions and compliant with the requirements

The following tests are applied to the data presented and the accompanying commentaries:

Table 2 - Example of Tests applied to APR Data and Performance Commitment information.

RR24 Table Criteria	Assessment
Performance and Significant events	Has the company met their respective targets and is the reporting process well managed/maintained?
Methodology	Does the methodology remain unchanged from previous year and is it clearly laid out with key data sources, processes and well-defined control points?
Guidance	Does the methodology comply with the latest guidance from Ofwat? And has this been followed to produce the data?
Assumptions	Are all assumptions reasonable and appropriately applied?
Source Data	Has the source data been clearly identified, is it complete beyond material concern and is it well managed through to accurate systems input?
Commentary	Is commentary provided and is it consistent with the process and the reported number(s)?
Clarity of Audit Trails	Is the audit trail detailed, comprehensive and traceable back to source?
Confidence Grades	Do you concur with the confidence grades presented by the company?
Governance	Has all evidence of appropriate sign-off been provided?

ODI Measure	Assessment
Performance Commitment	Are the performance figures accurately carried forward to the ODI and correctly calculated in accordance with Ofwat's PR19 FD - United Utilities – Outcomes performance commitment appendix?

4. Findings

Below we highlight the key findings and exceptions:

- The reported data is materially compliant with Ofwat's Reporting Requirements (Regulatory Accounting Guidelines, APR24 table guidance, 2019 Final Determination or superseding definitions, or June Return definitions, as appropriate);
- The tables, commentaries and statements provide a fair and balanced overview of the Company's 2023/24 circumstances and performance;
- Procedures and assumptions are generally reasonable and well embedded, well documented, and appropriately implemented; and
- Overall, UUW staff were knowledgeable, helpful, receptive, and generally well prepared for the audits.

Table 3: RAG issues

RAG issues	Comments
Red issues	There were no RED status issues.
Amber issues	Whilst there were a small number of AMBER issues raised during the audit process, all but one of these were resolved prior to submission. Detail on the issues are included below.
Blue issues	Several non-material BLUE issues were identified during the audit process, predominantly relating to future continuous improvements. Some examples of these are summarised in section 4.1 below.

The below table shows the specific Table/lines with amber actions.

Table 4: Amber actions

Data line	Issue	Resolution
8C.17	The methodology used to calculate the capex component of the sludge liquor shadow costs is applying an adjustment to the MEAV of the Bio-resources sites. The team should provide additional justification for its use to confirm its compliance with Ofwat's guidance.	**Resolved** – The team forwarded justification for the use of the adjustment and explained its usage during a follow up meeting on 10th June. The team confirmed that the adjustment reduces the costs in the scope of the capital calculation rather than including a cost driver that is not specified in Ofwat's guidance. We made non-material actions to ensure that this approach is

Appendix 1 Jacobs audit report

		clarified in your methodology documents and the assumptions used are subject to regular review.
3A.10 Reducing discolouration from the Vyrnwy treated water aqueduct	Company should tighten checks and controls around partially completed sections if these are to be reported in the performance figure. Validate the values currently being reported in line 3A.10.	**Resolved** - Evidence provided and the values were updated. This is evidenced with the CCTV report and the pit location drawing. Section Cleaning Checks document updated to demonstrate data sources and clarity of audit trail.
4R.28 & 30-32 Connected properties and population	Provide copies of: • P&CS • Methodology • Edge analytics report	**Resolved** – Documents were provided post audit.
Table 29. 1 Partnership Leverage	Partnership leverage ratio for this year includes green recovery schemes. Consider whether these green recovery schemes should be included from previous years and whether restating the previous year's data is necessary.	**Resolved** - Client confirmed green recovery only applied to this year as no activity in previous years.
7E.24 Number of installations requiring civils for event duration monitoring at intermittent discharges	The methodology is not consistent with that followed for 7E.3 (Number of intermittent discharge sites with event duration monitors) which included an additional 247 sites that were not listed in the Water Industry National Environment Programme (WINEP). In the audit of 7E.3 it was queried whether the 247 should in fact be reported in this line if they were not a WINEP commitment, and if the costs were not captured in Table 4M, it was noted that the Regulation team were happy that these additional monitors should be included. As the definition wasn't clear on this matter, the approach taken seems reasonable. It should be clearly explained in the commentary.	**Resolved** – The data tables, methodologies and commentary were updated.
7E.25 Number of storm overflows where improvements have been made to reduce harm or reduce spill frequencies.	It was queried in the audit whether the starting list was correct.	**Resolved** – The starting list was reviewed, and the tables, methodologies and commentary were updated.
11A.3	The finalised values for volume of wastewater treated in the email was not updated in the Carbon Accounting Workbook (CAW) v18.3 2023-24 v4.1.xlsm and therefore the metric for line 11A.46 is not updated/correct.	**Resolved** – We received email confirmation from UUW's Regulation Team on 11th June confirming that the metric has been signed off. The team confirmed that no amendments to the value viewed during the audit were required.

Appendix 1 Jacobs audit report

4.1 Non- Material Blue Actions

Below is a summary showing general themes identified in the audits that were classified as blue actions;

There were examples of appropriate sign offs not being in place at the time of audit. This was mostly attributable to the audit schedule and timings being in advance of final authorisations. In these cases, evidence of appropriate sign off has been subsequently shared with the auditor or a plan agreed to complete the authorisation.

Method Statements, Performance & Compliance Statements (P&CS), and table worksheets were not always updated with the current line reference or date. There were also cases where some Performance and Compliance Statements did not include checks and controls or details of the key assumptions. These were raised as actions to update the Statements to include these details.

Commentary supporting the reported tables/lines was missing or under-developed in some audits. In most cases, however, the accompanying P&CS provided a detailed and accurate description (from which the commentary is prepared).

Confidence grades were not assigned to all data lines. Actions were raised to consider including an appropriate confidence grade in the P&CS.

Appendix 1 Jacobs audit report

5. Independent Assurance of financial PCs

As part of our technical role, we have reviewed and provided independent third-party assurance on the following financial Performance Commitments (PCs). No red issues were identified. Any amber PC issues were resolved during the audit period.

Table 5: Performance Commitments assured

A01-CF Water quality compliance (CRI)
A02-WN Reducing the need for customers to contact us about taste and smell of their drinking water
A03-WN Number of properties with lead risk reduced
A04-WN Helping customers look after water in their home
A05-WN Reducing discolouration from the Vyrnwy treated water aqueduct
B01-WN Leakage % reduction from baselines
B02-WN Mains repairs
B03-WN Interruptions to supply
B04-CF Unplanned outage
B05-WN Per capita consumption - reduction from baseline
B07-WN Reducing areas of low water pressure
B08-WN Water service resilience
B09-DP Manchester and Pennine resilience
B10-WR - Keeping reservoirs resilient
B11- WN Thirlmere transfer to West Cumbria (AMP7)
C01-WWN Pollution incidents
C02-CF Treatment works compliance
C03-WR Abstraction incentive mechanism
C04-WR Improving the water environment
C05-WWN Improving River water quality
C06-WWN Protecting the environment from growth and new development
C08-CF Enhancing natural capital value for customers
C09-BR Recycling biosolids
C10-BR Improving air quality
D01-HH C-MeX
D02-CF D-MeX
E01-HH Number of customers lifted out of water poverty
E03-CF Non-household vacancy incentive
E04-CF Gap sites (wholesale)
E05-HH Gap sites (Retail)
E07-DP Successful delivery of direct procurement of Manchester and Pennine resilience
E10-HH Voids
F01-WWN Sewer collapses
F02-WWN Sewer blockages
G02-WWN Internal sewer flooding incidents
G03-WWN External sewer flooding incidents
G04-WWN Raising customer awareness to reduce the risk of flooding % awareness above baseline

Appendix 1 Jacobs audit report

G05-WWN Hydraulic internal flood risk resilience
G06-WWN Hydraulic external flood risk resilience
PR19UUW_HWDPC-WN Direct Procurement for Customers: Pre-procurement Incentive for the Haweswater Aqueduct Resilience Programme

Appendix 1 Jacobs audit report

6. Recommended future actions

The following recommendations which were highlighted as blue actions do not affect 2023/24 Annual Performance reporting but are recommended to be taken forward ahead of 2024/25 assurance.

Table 6: Recommended future actions

Theme	Issues/Recommendations
Mid-year audits to improve reporting control and end of year audit processes	It is recommended that the following data lines undertake a mid-year audit in preparation for RR25: • 3A.19 Household Voids – recommendation to include a periodic review of corporate system generated data used in the calculations. • 3A.6 Unplanned outages – it is recommended that a periodic mid-year review of sample data, including exclusions, is introduced. • 3C.1-8 C-MeX – a periodic review of the exclusions being applied is recommended • 3A.2/3F1-14 Water supply interruptions - Given the time limitations at year-end, a mid-year review of the data processes to support moving to a more systemised approach for AMP8 reporting would be beneficial. • 3A.2/3F1-14 Water supply interruptions - We consider the team's approach to 'single no water' interruptions are robust but recommend a more detailed review during 2024-25 to ensure the process and data are fully assured.
RAG compliance checklists	The RAG status should be added to the P&CS and be subject to annual reviews for the following lines: • 3A.6 Unplanned outages • 3A.3/3F.5/3A.4 Leakage/PCC
Recommendations to make evidence more robust	The following recommendations would increase the robustness of your evidence/audit trail: • 3B.2 L1-15 Pollution incidents – include additional site based random checks of the operations submitted data. • 3B.9 Better air quality – further review with the supplier to limit the manual transfer of data from emissions reports to source data tables to limit the chance of errors. • 3E.1 Drought resilience - review if this measure may benefit from being incorporated into the water balance spreadsheet. • 3A.10 Vyrnwy treated water aqueduct - A level of sign off should be incorporated into the monthly checks as part of the internal assurance process. • Event Risk Index (ERI) - Monthly validation checks on ERI data are completed in a meeting. This should be formally documented and signed off. • 3A.3/3F.5/3A.4 Leakage/PCC – New Appointments and Variations (NAVs) are likely to have a growing impact on the water balance. We therefore recommend the company develops robust processes to incorporate their impacts into the water balance calculations. • 6C.2-4 Length of mains renewed/relined/new – going forward the reporting of the proactive mains renewal activities is monitored and managed by the new reporting team. This should be subject to monthly data checks to improve the data quality and a better understanding of these lines is sought to aid the audit process in future years. • 6D.L13 Residential properties - Some data on meters, was hard-coded into the worksheets . It is recommended that sources are referenced in the worksheets.

Appendix 1 Jacobs audit report

	• T28 21-24 Billed consumption – Household (potable water) - The increased use of social tariffs, where high users are metered but the volume charged is capped, may mean that in some cases incorrectly high consumption may not be identified as it does not generate high bills. Although there was no evidence of this in the 2023-24 data, we recommend checks of high average daily volumes are undertaken in future years to reduce this risk.T23 and 24 GSS – The team should keep a change log for their reconciliation checks. • 10E.58 and 59 – UU hold meetings with Stakeholders regarding completion of the schemes. For the APR25 audit it is recommended to ensure evidence is available of this communication and sufficient audit trail to evidence the reported schemes is available.
Methodology updates	The following recommendations would improve the methodologies: • CRI/ERI/Water quality contacts - It is suggested a change control log is included to track updates to the methodology when guidance is updated. This should be considered for other reporting methodologies where appropriate. • Wastewater explanatory factors (3B, 4R, 7B, 7C, and 7D) - The data owner should review the workbook to ensure that the presentation format and line references match the current APR tables.

Appendix 1 Jacobs audit report

7. Independent Technical Assurance Statement

Jacobs UK Ltd has been appointed by United Utilities to provide independent technical assurance of the data that feeds into their regulatory submissions.

Through a series of virtual meetings and information exchanges, we have reviewed and tested the methodologies, processes and supporting evidence on which the data and statements in the Annual Performance Report 2024 are based.

We conclude that in relation to the items we reviewed, and in all material respects:

- your processes and internal systems of control are sufficient to meet your regulatory obligations;
- your processes for reporting performance commitments are in line with the guidance and exclusions have been correctly applied; and
- you have appropriate systems and processes in place to identify, manage and review your risks.

Sarah Fane

Head of Water Strategy and Regulation

Sarah.Fane@Jacobs.com

Jacobs UK Ltd

20 June 2024

Appendix 1 Corporate audit report

CORPORATE AUDIT MEMORANDUM

Review of the Annual Performance Report (APR) 2024

To: **See Distribution List (Section 6)**

From: **James Taylor, Head of Audit & Risk**

Date: **17 June 2024**

1. Background

Ofwat require companies to report on their financial and operational performance in an Annual Performance Report (APR). This includes information specific to customers and stakeholders, together with information that enables comparison between companies across the sector.

The APR is supplemented by a series of data tables and supporting commentary in four main sections:

- Section 1: Regulatory financial reporting;
- Section 2: Price control and additional segmental reporting of costs and revenues;
- Section 3: Performance summary, including outcome delivery performance; and
- Section 4: Additional regulatory information, including totex and financeability information.

Alongside the Annual Performance Report, the following reports and statements are required:

- Board Statement - stating that the data and information which the company has provided to Ofwat in the reporting year and/or which they have published in their role as water and sewerage undertaker was accurate and complete and setting out any exceptions to this.
- Risk and Compliance Statement - setting out how the company has complied with its relevant statutory, licence and regulatory obligations and is taking appropriate steps to manage and/or mitigate key risks it faces.
- Assurance Report - a summary of the results of the data assurance.

The Annual Performance Report, together with Assurance Report and statements, need to be published by 15 July 2024. Our audit is therefore timed to provide assurance over the process by which regulatory data is compiled in advance of sign-off at the Compliance Committee on 17 June 2024.

Key Risks

The overall risk is that inaccurate, incomplete or misleading data / information is published and reported to Ofwat resulting in regulatory action being taken against UU and/or its Directors. Consequently, financial penalties could be imposed together with a loss of confidence by customers, investors and regulators.

2. Audit Objective and Scope

The objective of the audit was to provide assurance in respect of the governance, processes and key controls over the production of the 2023-24 Annual Performance Report, including associated Board and Risk & Compliance statements and Assurance Report.

The scope of this review, which supplements the assurance provided by KPMG and Jacobs, covered the following:

- Overall governance arrangements in place to ensure the regulatory data is complete, accurate and reported in line with the required timescales;
- The validity and consistency of the data and associated commentaries reported in Sections 3 and 4 of the Annual Performance Report. This will include sample testing to agree data back to underlying UU records and systems. *Note: this review will not duplicate the testing performed by KPMG or Jacobs;*
- Compliance of the reported data in the APR with key aspects of Regulatory Guidelines 3.14 "*Guideline for the format and disclosures for the annual performance report";*
- Review the proposed Assurance Report to ensure it is appropriately aligned with UU's published Final Assurance Plan and a fair reflection of associated assurance activities;
- Review the process for identifying and agreeing compliance departures from statutory, licence and regulatory obligations and reporting of these within the Risk & Compliance Statement; and
- Review the Board statement for reasonableness.

Review of the Annual Performance Report (APR) 2024

Note: The review was carried out alongside the preparation of the regulatory data and therefore we fed back any observations in real-time to the Economic Regulation team.

Exclusions from scope:

- As testing was performed on a sample basis, the review has not verified all the regulatory data / compliance with regulatory obligations;
- Sections 1 and 2 of the Annual Performance Report which are subject to external audit by KPMG with opinion;
- Review of the performance commitment data collection, incentive calculations and reporting processes as this will be performed by the technical auditor Jacobs; and
- The underlying adequacy of other assurance activities performed or the competency and objectivity of the assurance provider. However we will consider, by reference to the scope and provider, the appropriateness of the assurance activity given the nature of the risk.

3. Conclusion

There is a robust governance framework in place over the production of the APR data tables and commentaries, and our sample testing has not highlighted any inconsistencies or inaccuracies in the data. The Assurance Report is a fair reflection of the published Assurance Plan and associated assurance activities. The format of the APR is compliant with RAG 3.14 "*Guideline for the format and disclosures for the annual performance report*". We did not identify any issues in our review of the process to identify potential material departures or the content of the Risk and Compliance Statement. The draft Board statement is reasonable and, where relevant, supportable.

Note that our work has been performed on draft copies of the APR and associated documents. We will continue to work alongside Regulatory Contract Team to assure any changes made to the data and/or commentaries and other draft documents until the final publication of the APR.

4. Summary of Audit Findings

4.1 Overall governance arrangements

- ✓ The governance over Regulatory Reporting is documented in a Board paper and is an integral part of the Assurance Framework for AMP7, incorporating the three lines of defence approach.
- ✓ The Assurance Framework was previously subject to independent assessment by Deloitte who concluded that *"the framework is effective in its design and operation, comprising of the key, expected elements"*.
- ✓ We confirmed that a UU APR delivery timetable has been issued to the contributors.
- ✓ The submission of the data is managed through standard evidence packs, the "Performance and Compliance Statements".
- ✓ A JIRA based workflow methodology has been used to workflow and record electronic sign-off of the APR data tables and the associated documentation.
- ✓ The Regulatory Reporting SharePoint site is well structured enabling easy navigation and serves as an audit trail to support the submission.

No issues noted.

4.2 The validity and consistency of the data and associated commentaries reported in Sections 3 and 4

- ✓ We selected a sample of data table blocks (which included multiple lines) and these were traced back to the underlying systems and records with reference to the supporting Methodology Statements. This includes the additional data items requested by Ofwat.
- ✓ For the selected data lines, we confirmed consistency with associated APR commentary.

See Section 5 of this report for details of the sample testing.

No issues noted, however, we will continue to work alongside Regulatory Contract Team to assure any changes made to the data and/or commentaries until the final publication of the APR.

Appendix 1 Corporate audit report

Review of the Annual Performance Report (APR) 2024

4.3 Compliance of the reported data in the APR with key aspects of Regulatory Accounting Guideline 3.14 "Guideline for the format and disclosures for the annual performance report"

- ✓ We reviewed the content of the draft Annual Performance Report (APR) against the requirements set out in RAG 3.14 "Guideline for the format and disclosures for the annual performance report" to ensure that the APR included all the required disclosures (e.g. policy notes on revenue recognition, capitalisation policy, bad debt etc.).
- ✓ All the required disclosures are included in the APR. Specifically, the Board statement on completeness and accuracy of data and the measures taken to assure this, complies fully with the provisions set out in RAG 3.14.

No issues noted.

4.4 Review the proposed Assurance Report (to be published along with the Annual Performance Report 2023/24) to ensure it is a fair reflection of UU's published Final Assurance Plan and associated assurance activities

- ✓ In line with the published Assurance Plan, Jacobs have performed technical reviews of the APR procedures, tables and commentaries, and their draft statement states: "*The reported data is materially compliant with Ofwat's Reporting Requirements (Regulatory Accounting Guidelines, APR24 table guidance, 2019 Final Determination or superseding definitions, or June Return definitions, as appropriate)".*
- ✓ We verified, on a sample basis, that the targeted assurance activities as described within the Assurance Plan had been performed.
- ✓ We have reviewed the Assurance Report and are satisfied that it is a fair reflection of the assurance activities performed and the results of those activities.

No issues noted.

4.5 Review the process for identifying and agreeing compliance departures from statutory, licence and regulatory obligations and reporting of these within the Risk & Compliance Statement

- ✓ Potential compliance departures were identified in advance of this year's reporting processes by a sub-group of the Compliance Working Group, which is headed by the Regulatory Contract Manager. The group met in September 2023 to discuss a first draft of the statement and again in April 2024.
- ✓ The draft statement is in line with expectations, including items on full to flow permit conditions, licence condition L, and over abstraction of water (Section 24(1)(a) of the Water Resources Act 1991).
- ✓ We reviewed the Risk and Compliance Statement and are satisfied that it is a reasonable description of the activities that the Board undertake to comply with relevant statutory, licence and regulatory obligations.

No issues noted.

4.6 Review the Board statement for reasonableness

- ✓ The requirement within RAG 3.14 for a Board statement on the accuracy and completeness of data and information is included within the Risk and Compliance Statement and we confirmed compliance with the requirement.
- ✓ We have confirmed that the Board statement and Risk and Compliance Statement contain the elements required by RAG 3.14, such as Board engagement and challenge on assurance.
- ✓ We confirmed that exceptions to data accuracy or completeness have been set out in a table following the Risk and Compliance Statement, as required by RAG 3.14.
- ✓ We can confirm that the draft Board statement is reasonable and, where appropriate, supportable.

No issues noted.

Appendix 1 Corporate audit report

Review of the Annual Performance Report (APR) 2024

5. Sample Testing

Sample No.	Table Line Reference	Measure Description	Type	*All Tests completed Without Any Issues noted
1	4Q - Developer services - new connections, properties and mains	Connections volume data (residential/business/SLP) (water/wastewater) New properties data -SLP connections	Supporting	Y
2	3A - Leakage and water demand components	Leakage and water demands	PC	Y
3	3A.13 - Manchester and Pennine resilience	Manchester and Pennine resilience	PC	Y
4	3A.23 - Manchester and Pennine resilience	Successful delivery of direct procurement of Manchester and Pennine resilience (HARP)	PC	Y
5	3A.23a - Manchester and Pennine resilience	PR19UUW_HWDPC-WN Direct Procurement for Customers: Pre-procurement Incentive for the Haweswater Aqueduct Resilience Programme	PC	Y
6	3A.14 - Resilience	Keeping reservoirs resilient (no. of people moved to acceptable risk)	PC	Y
7	3B - Collapses. Blockages, HIFFR, HEFRR	Hydraulic flood risk resilience (internal)	PC	Y
8	3B - Collapses. Blockages, HIFFR, HEFRR	Hydraulic flood risk resilience (External)	PC	Y
9	6A.28-30 - Raw water transport, storage and water treatment data	Peak week production capacity, Peak week production capacity having enhancement expenditure for grey solution improvements to address raw water quality deterioration, Peak week production capacity having enhancement expenditure for green solutions improvements to address raw water quality deterioration	Other data	Y
10	Raw water transport, storage and water treatment data supporting	Average pumping head - treated water distribution	Other data	Y
11	Treated water distribution - assets and operations	6B.31-39 Water balance - company level	Other data	Y
12	7C - Sewer and volume data	Number of Settled Storm Overflows (SSO)	Other data	Y
13	10E - Green recovery data capture	Green recovery data partnerships to deliver natural solutions - Peatland restoration	Other data	Y
14	10E - Green recovery data capture	Green recovery data - WINEP at Bury	Other data	Y
15	Customer service standards	GSS notice of interruptions to supply (household/non-household)	Supporting	Y

*** Tests performed:**

- RR24 timetable reflects accurately the contributors/owners, and Responsible / Accountable managers;
- Table line data consistent with Performance & Compliance statement;
- Methodology drafted by the Owner and verified by the Responsible and Accountable managers;
- Performance & Compliance statement verified (signed off) by the Owner, Responsible & Accountable managers;
- Responsible manager review evidenced in JIRA;
- Accountable manager review evidenced in JIRA;
- Traced to underlying records and evidence obtained; and
- Executive sign-off evidenced in JIRA (applies to higher risk lines only).

Appendix 2

Certificate demonstrating the delegated authority to sign off the Condition P certificate (ring fencing) July 2024

United Utilities Water Limited

United Utilities
Water for the North West

EXTRACT FROM THE MINUTES OF A MEETING OF A COMMITTEE OF THE BOARD OF DIRECTORS HELD AT ON 28 JUNE 2024 AT HAWESWATER HOUSE

…………….

3. **CONDITION P RING-FENCING CERTIFICATE**

3.1 In relation to the Company's regulatory accounts, it was confirmed that the appointee had sufficient financial resources and systems of planning and internal controls to carry out its regulated activities over the next 12 months, Mr Aspin was authorised to sign the Condition P Ring-Fencing Certificate on behalf of the Company.

………..

Certified to be a true extract from the minutes.

J L Gilmore
Deputy Secretary
03/07/2024

Appendix 3 Non-standard ODI pro forma

This appendix sets out the calculations for the non-standard outcome delivery incentive payment for abstraction incentive mechanism (AIM), recycling biosolids and better air quality.

Introduction

As part of the process to calculate the net outperformance or underperformance payment required, a reconciliation between the reporting period company performance and the performance commitment level for each performance commitment occurs. The majority follow a standard calculation format of:

(A – B) * C

Where A is actual performance, B is the performance commitment level and C is the incentive rate.

However, there are times where complex or non-standard calculations are required in order to provide additional detail regarding the steps to calculate the outperformance or underperformance payment due per performance commitment. In this reporting period, three of our performance commitments required a non-standard calculation approach. A description of each of these performance commitments, and a summary of the level of performance delivered, can be found in Section 1.1 of this document. The section below outlines the calculation steps for each of the two non-standard performance commitments.

C03-WR – Abstraction Incentive Mechanism

There are two components to this performance commitment, associated to two environmentally sensitive sites where abstraction of water is to be reduced – Old Water and Ennerdale – and each has their own incentive rate. Performance is measured in megalitres and a negative number signifies an improved performance as average abstraction is less than the baseline. The nature of the ODI calculation follows the typical approach of:

(A – B) * C

Where A is actual performance, B is the performance commitment level and C is the incentive rate.

However, due to each site having its own incentive rate, as stated in the Outcomes performance commitment appendix (Appendix 1) on page 84, this means it is difficult, from table 3A, to specify whether any performance value that is stated is reflective of the performance of the company against only one component of the measure or be an amalgamation of performance across both components. Therefore, a non-standard calculation approach is required to specify our performance against each component.

The calculation for the performance commitment follows the standard (A – B) * C approach. In year four, AIM has not been triggered; therefore, no calculation is required.

C09-BR – Recycling biosolids

A single £1.5m outperformance payment earned as a lump sum for any three consecutive years of 100% compliance within the 2020–25 period.

Performance has been as follows:

2021/22 – 100%

2022/23 – 100%

2023/24 – 100%

See page 63 for further details.

C10-BR – Better Air Quality

This performance commitment is bespoke to us and is measured as tonnes of NOx emissions per GWh of renewable electricity generated per year, reported to two decimal places. This is measured in an A/B formula where:

A – total tonnes of NOx emitted per year

B – total renewable electricity generated per year

The result of the A/B calculation is then our performance against the performance commitment level in that reporting period and the value calculated in the A/B calculation should be decreasing across each reporting period in this AMP (found on page 105 of the FD outcomes appendix(1) republished February 2023).

In our business plan submission, within the S3001 Performance Commitments technical document, we stated that the incentive rate was to be applied as a rate per tonne/GWh as opposed to a rate per tonne only. This was applied in order to avoid deterring additional renewable electricity generation.

Based upon projections of tonnes NOx and GWh at that time, an adjustment was calculated as follows:

1.6008 tonnes reduction in NOx will lead to a reduction of 0.01 tonnes NOx per GWh.

Incentive rate per 0.01 tonnes NOx per GWh = 1.6008 x £16,820 per tonne incentive rate = £26,925

Therefore, when calculating the outperformance or underperformance payment due, a 0.01 point conversion is required in order to ensure the incentive is applied and measured as 0.01 NOx/GWh point values. This means that, as part of the standard (A – B) * C approach for the outperformance/underperformance ODI calculation, a conversion step must be added and is done after (A – B), but before applying the incentive rate. This additional calculation step is not included within the FD outcomes Appendix(1) but is required in order to accurately determine the underperformance or outperformance payment due to us for this performance commitment.

Therefore, when applying our actual performance, the performance commitment level and incentive rate (found on page 105 of the FD outcomes appendix 1) for the 2023/24 reporting year in the above formula and using the additional conversion calculation step (to multiply up the performance by 100 from its 0.01 factoring), the ODI is:

(1.42 – 0.960) * 100 = 46

46 * £0.02690 million = £1.237 million

The outputs of the calculation above indicates that for the 2023/24 reporting period, we outperformed and are due an outperformance payment of £1.237 million as a result of reduced tonnes of NOx emitted per GWh of renewable electricity generated across the period; therefore, we have applied a manual adjustment to correct for the application of this factor as we did last year.

(1) https://www.ofwat.gov.uk/publication/consolidated-pr19-final-determinations-united-utilities-outcomes-performance-commitment-appendix/