

Regulatory environment

The vast majority of our activities sit within United Utilities Water Limited (UW), the second largest of 11 regulated water and wastewater businesses in England and Wales.

UW is subject to regulation of price, performance and compliance by various bodies, as shown in the diagram below. These bodies exist to help protect the interests of customers and the environment and assess whether companies are meeting their obligations. One of the ways they do this is to undertake comparative assessments of companies' performance.

We must balance incentives and requirements that can sometimes act in tension, such as the desire for rapid environmental improvements and the upward pressure this can place on customers' bills. We maintain constructive dialogue to agree commitments for continuous improvement.

The Water Industry National Environment Programme (WINEP) sets out the actions needed to meet environmental obligations. The Drinking Water Inspectorate (DWI) can put in place

programmes of work to improve drinking water quality. Companies must also prepare and maintain long-term plans for managing water resources (WRMP) and drainage and wastewater (DWMP). These feed into business plan submissions from companies for five-year asset management periods (AMPs), which are submitted to Ofwat as part of the price review (PR) process.

Ofwat then sets each company's final determination (FD) detailing revenue, required service levels, and the incentive package for the AMP, which companies can either accept or appeal to the Competition and Markets Authority. Performance against the FD is reported in an annual performance report (APR).

2023/24 was the fourth year of the 2020–25 period (AMP7), and in October 2023 we submitted our 'PR24' business plan for the 2025–30 period (AMP8).

AMP8 business plan

We have submitted an exciting and ambitious plan for the 2025–30 period, reflecting the biggest investment in our region's water and wastewater infrastructure in over 100 years.

The plan we have submitted delivers what matters for customers, communities and the environment – safeguarding and securing supplies, protecting and enhancing our rivers, improving drinking water quality, and reducing flooding. It has been set in the context of our long-term delivery strategy, and addresses new environmental legislation, stakeholder priorities, and continuous improvements for customers.

Transforming services for customers and proposing an environmental programme seven times the size of AMP7, our plan provides significant growth opportunities for the North West – supporting 30,000 jobs and helping to ignite the regional economy – and for the business, with 37 per cent real growth in our Regulatory Capital Value (RCV) across AMP8.

We have stretched ourselves to innovate and optimise our plan, enabling significant efficiency to be realised, and we are enhancing our affordability support for customers, proposing a material increase with a £525 million affordability support package that would help one in six customers in the region.

We have five diverse counties in the North West with different challenges and needs, as set out on pages 26 to 27, and we have built targeted county-based plans that deliver what matters to each of them, based on extensive engagement. This has helped us secure strong support, with research showing that 74 per cent of customers support our proposals.

We have a strong balance sheet and financial flexibility, giving us confidence that we can deliver this level of investment, and we are not waiting – we have already started, with accelerated investment enabling us to make an early start on tackling storm overflows and other environmental improvements.

Read more at pr24.unitedutilities.com

Natural environment

The natural environment is constantly changing. We have already experienced prolonged dry periods, more extreme rainfall events, and freezing temperatures followed by rapid thawing. This increases the level of risk for water availability, flooding and network damage.

The North West population is also increasing, with an anticipated one million increase by 2050, and much of the landscape in our region is legally protected for its environmental or cultural significance. We must plan well into the future and continually adapt to strengthen our long-term operational resilience, and we have a role to play in restoring healthy and resilient ecosystems.

We need to work collaboratively to deliver nature-based solutions, which offer many benefits including carbon sequestration, cleaner water, and improved biodiversity.

Read about our [long-term planning](#) on pages 32 and 33

Economic environment

Our costs are impacted by market rate movements such as interest rates and inflation. Inflation has risen sharply in recent years, and the government raised interest rates in response.

The impacts on our business are complex, with cost increases partly offset by increased allowances under the regulatory mechanism. Of our debt, £4.7 billion is in index-linked form, therefore impacted by inflation, but our regulatory capital value (RCV) also rises with inflation and our £4 billion of fixed-rate debt increases in benefit as interest rates rise. Unlike many, our low dependency pension schemes are protected from market rate movements.

The economic environment also impacts customers, with the most deprived communities typically hit the hardest. We have more in the North West than any other region, making the industry-leading affordability support we provide even more critical.

Political environment

Political decisions have the potential to impact on our operations, including any changes to legislative obligations under environmental and competition law. We engage with regional and national politicians and other policymakers to understand developments and key policy issues, improving policy development where possible, and stay flexible to adapt as needed. For instance, with publication of the Environment Act 2021 the government set out an ambitious plan for reducing spills from storm overflows, as well as obligations to reduce phosphorus and address nutrient imbalance. We are already investing significant amounts in AMP7 to improve the quality of rivers and seas in the North West, and our AMP8 plan includes our biggest ever environmental investment programme, addressing these new legislative requirements. We also have a part to play in the plans of devolved regions and mayors for growth and green energy development in the North West, such as plans to host a pioneering carbon-capture facility on our head office site in Warrington.

Stakeholders

There are many people and groups who take an interest in the water industry, its role in society, and the North West region. The nature of our work and the huge areas of land we manage means we interact with a wide variety of stakeholders, from communities and environmental interest bodies, to suppliers and regulators.

It is important that we understand what matters to each of them and develop constructive relationships built on mutual trust. We engage and consult with stakeholders to understand their views and priorities as we develop and execute our plans, balancing their often conflicting priorities.

Each of our operational performance measures is linked to one or more stakeholders for whom we are creating value.

Read about how we engage with stakeholders and factor their views into strategic decision-making at board level in [Our S172\(1\) Statement](#) on pages 47 to 48

Technology and innovation

New technology and innovation can create opportunities for improvements in service and efficiency. The use of artificial intelligence and machine learning helps us to improve performance, and is central to our Dynamic Network Management approach as set out in the infographic on pages 22 to 23.

In an increasingly digital world, customer expectations change and we must evolve our services to ensure we meet those expectations. Technology has changed the way customers can get in touch to access their bills, update their information and receive updates on services and support.

Technology can also create risks, such as the threat of cyber-attacks, which has increased in recent years as a result of global political tensions. Protecting infrastructure, customer information and commercial data from malicious activity is a key priority.



Five counties

Each of the five diverse counties across the North West is unique.

In order to help shape and adapt our AMP8 business plan, we've been working with stakeholders and customers to better understand the needs, challenges and opportunities of each county.

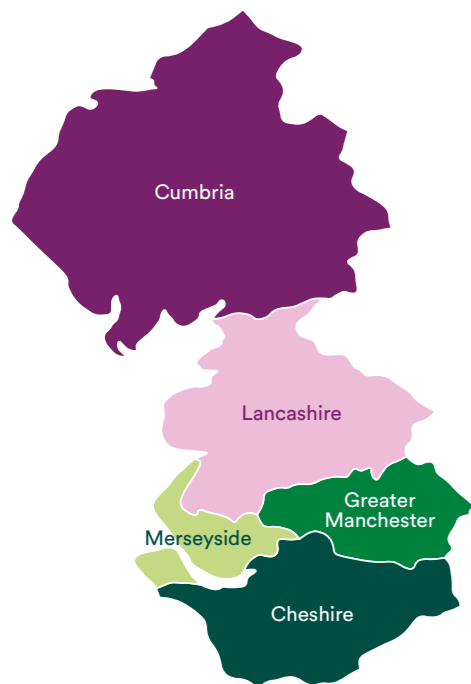
We've engaged with 95,000 people in Cumbria, Lancashire, Merseyside, Greater Manchester and Cheshire, shaping our plans for each county to address the things that they have told us matter most.

This has helped us to develop not just one plan, but five individual plans for the 2025–30 period, adapted to meet the diverse needs of each county. We call it place-based planning.

Adopting this approach means we will deliver outcomes that are tailored for customers in the places where they live. We hope that by setting out our plan this way, we have made our investment plans and the benefits they would deliver more meaningful to customers and communities.

These pages set out some of the characteristics of each county, and how we plan to address its individual challenges and opportunities.

Read more on our county-based plans at pr24.unitedutilities.com



Cheshire

River water quality is important for Cheshire and, while it has transformed over the last 30 years, there is still much to do. Our plan targets improvements to 24 kilometres of rivers and tackles 63 storm overflows in Cheshire. We will work with partners, building on our innovative Cheshire Hub partnership, to identify opportunities to work collaboratively and deliver nature-based solutions to improve our rivers.

Agriculture is a dominant industry across the Cheshire environment and a key part of its economy. It is important that we work closely with local landowners and farmers to ensure sustainable catchment management practices that do not impact on water quality. Through our Catchment Systems Thinking approach, also known as CaST, we collaborate with farmers to take a joined-up and holistic approach to farming and protecting water quality.

With an ageing population across Cheshire, we recognise how important it is to have a service tailored to customers' individual needs. We will offer sector-leading support for vulnerable customers with additional needs through our Priority Services schemes.

Many customers in and around Cheshire receive their water supply from Lake Vyrnwy in Wales. This is supplied through the Vyrnwy Aqueduct. Our business plan includes investment to improve 65 kilometres of the Vyrnwy Aqueduct, helping to secure a long-term resilient supply for current and future generations and reduce discolouration.

Due to the flat nature of the area, some areas of Cheshire are vulnerable to flooding. We are partnering with local authorities to reduce flood risk, such as the Northwich flood defence scheme, and we are working with the National Trust to trial leaky dams at Lyme Park – improving water quality and slowing flows to deliver natural flood management.



Cumbria

Cumbria is home to some of the wettest areas in England. Over a third of the North West's water supply originates in Cumbria, captured in reservoirs and transported across the region. We will work to increase the resilience of supplies during dry weather events and ensure that in doing so, the environment is protected. We will improve the catchments that protect raw water quality, delivering sustainable abstraction now and for the future. We will also work to improve the resilience of our assets to flooding.

Keeping rivers and lakes clean is hugely important. Our plan targets improvements to 219 kilometres of rivers and tackles 158 storm overflows in Cumbria. This will help to ensure great river water quality, protect biodiversity, and contribute to achieving bathing water standards across coastal and inland bathing waters. Over 500,000 hectares of land across Cumbria are farmed. We work with farmers to support sustainable agricultural practices to maximise benefits for river water quality, such as in the River Petteril where our work with dairy farms is improving rivers.

Cumbria has a wide variety of special landscapes: two national parks; two world heritage sites; three areas of outstanding natural beauty; and hundreds of designated sites of special scientific interest. We will continue to invest, working alongside partners, to protect these landscapes and manage our catchment land. Cumbria is home to Britain's Energy Coast, where more than 5 per cent of the nation's electricity is generated, and our infrastructure is critical in supporting this and the growing 'green energy' sector. Our plan also includes 2,144 hectares of peatland restoration across Cumbria.

Cumbria has finely balanced needs across the tourist economy, food production, and delivering for protected environments. Preserving this balance is critical over the long term. We will provide services that respond to changing needs throughout the year and work with other partners to preserve the environment.



Greater Manchester

Flooding from rivers, sewers and surface water presents significant challenges for homes and businesses in Greater Manchester. We will work with partners to deliver an integrated water management plan to minimise the risk of flood and disruption. Through using nature-based solutions, we also aim to deliver more green spaces.

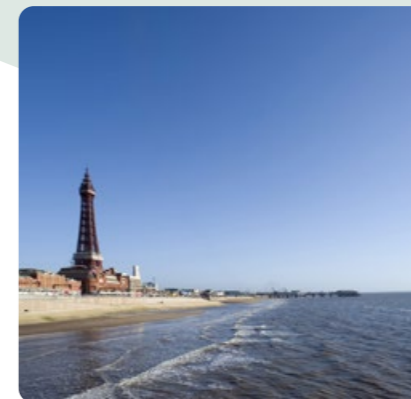
River water quality in the Irwell and Mersey catchments requires significant improvement due to the legacy of the industrial revolution and the impact of transferring and treating wastewater from 2.8 million people. Of the North West's storm overflows, 37 per cent are in this county – that's over 800 overflows. Our plan would see us invest over £2 billion to improve the river environment in and around Greater Manchester, tackling 105 overflows and improving 82 kilometres of rivers along the Mersey, Irk and Irwell.

Affordability is a challenge for many customers across Greater Manchester. We offer sector-leading support to customers who face difficulty when paying their water bill and have put in place extra support for vulnerable customers with additional needs.

Customers in and around Greater Manchester receive their water supply from Haweswater in the Lake District, transported by gravity through a 110 kilometre long supply pipe – the Haweswater Aqueduct. We will invest in this pipeline to secure a long-term resilient supply for future generations.

Through partnerships, we will provide the critical water infrastructure to support growth in this booming county, and our investment and creation of more high-skilled green jobs will help develop the green economy.

The Greater Manchester Combined Authority's vision for the county is that it be 'a place for everyone'. We want to support it to achieve this for its diverse population of 2.8 million people and over 120,000 businesses.



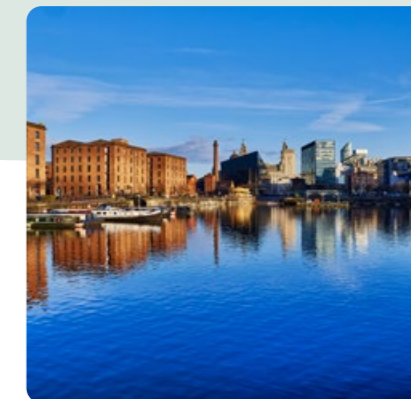
Lancashire

Lancashire's coastline and popular beaches mean that bathing water quality is a priority for both customers and visitors to the region. With multiple coastal towns and cities such as Blackpool, Morecambe and Southport relying on tourism-related revenues, it is important that we continue to invest and work with partners to ensure the right solutions to improve bathing water quality.

Lancashire is home to some of the region's most beautiful natural features. The county is carved by many rivers drained from the Pennines, including the Ribble, Wyre and Lune, all of which drain to the west of the county, and enter the Irish Sea. Protecting the Areas of Outstanding Natural Beauty of Lancashire from increasing threats from climate change, including wildfires, flooding and drought, remains a priority. Another priority is ensuring damaged peatland in East Lancashire and the Pennines is restored, in order to protect this important store of carbon and minimise its adverse impact on water quality. We will work in partnership with environmental NGOs to deliver environmental benefits, and actively prevent the destruction of habitats.

Victorian sewer systems are particularly prevalent in the historic towns of East Lancashire, with higher proportions of overflows. We're investing to reduce the number of spills from 91 storm overflows in the area, and protecting and improving water quality and amenity along 35 kilometres of rivers along the Ribble, Lune and Wyre. We're bringing forward part of this investment so we can start work on improving many of these sooner.

There are a mix of socio-economic levels across Lancashire. It is important we make provision for those who may need more support. Our sector-leading affordability and vulnerability support is important for many people across the county, and our plan sees us doubling our support by 2030.



Merseyside

The River Mersey is an iconic part of this increasingly vibrant region. Water quality in the river has transformed over the last 30 years, but there's still more to do.

Liverpool has the highest proportion of combined sewers, which creates surface water management challenges and means a high number of overflows. Reducing the frequency that these overflows operate requires re-plumbing the sewer system and we have a long-term plan for this. Our AMP8 plan targets improvements to 26 kilometres of rivers and tackles 20 storm overflows in Merseyside. We have also proposed spending over £11 million in 'Cleaner Mersey' to investigate the best way to deploy the much larger anticipated investments required in the next ten to 15 years.

Merseyside has a significant length of coastline, making parts of the coast vulnerable to coastal erosion and flooding, which are forecast to become more frequent with climate change. Our plans would see us invest to ensure assets are resilient to climate change and the impacts of coastal erosion, and protect up to 169 homes from flooding. We have also proposed investment across the Merseyside coastline to benefit bathing and shellfish waters.

The population and economy of Liverpool are growing, and our water infrastructure needs to develop to support this growth. Customers in Merseyside receive their water supply from sources in Cheshire and Lake Vyrnwy in Wales. We will invest in our water supply pipeline to secure long-term resilient supplies from Lake Vyrnwy for future generations.

Affordability is a real concern for some customers in Merseyside. There are concentrations of extreme deprivation and four of the ten most deprived areas in England are in this area. We will continue to offer sector-leading support to customers who face difficulty when paying their water bill and have put in place extra support for vulnerable customers with additional needs.