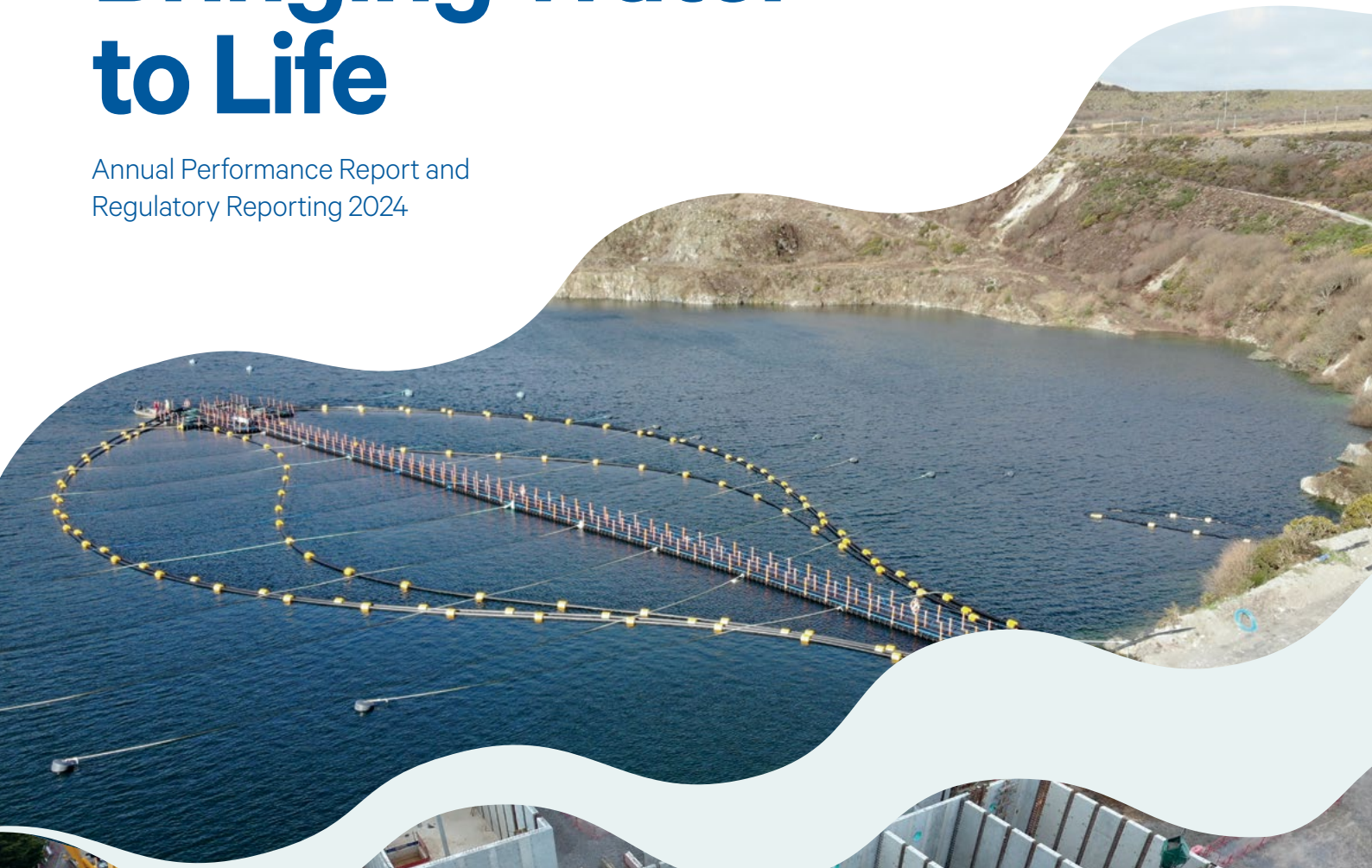


# Bringing Water to Life

Annual Performance Report and  
Regulatory Reporting 2024



Welcome to South West Water

# Bringing water to life

Supporting the lives of people and the places they love for generations to come.

Innovation, new technologies and the pioneering of a holistic approach to water and wastewater management are delivering service improvements and long-term value.



## Our approach to reporting

This Annual Performance Report and Regulatory Report provides a summary of performance against our regulatory outcomes and performance commitments in the third year of the 2020-2025 Regulatory Reporting period.

These outcomes and commitments were agreed as part of South West Water's and Bristol Water's business plan.

Following the merger of South West Water and Bristol Water licence and statutory transfer in February 2023, this report combines outcomes, activities and reporting across all regions South West, Bournemouth, Bristol and Isles of Scilly.

For Regulatory Reporting purposes, outcomes, financial and operational data have remained separate, in reality we are operating as one Water business, working through the integration. Throughout this document the references depict which company the information covers.

## Key

- Major water treatment works
- Major wastewater treatment works
- Bathing waters
- Shellfish waters



**South West Water (SBB)** – Refers to the combined company across all five regions (South West (Devon & Cornwall), Bristol, Bournemouth & Isles of Scilly)



**South West (SWB)** – Refers to the four regions Devon, Cornwall, Bournemouth & Isles of Scilly



**Bristol (BRL)** – Refers to the Bristol region

# | Inside this report

## Overview

Our operations at a glance	
Introduction	02
Business model and strategy	04
Customer engagement	06
Our engagement this year	07
WaterShare+	08
Our stakeholders	10
Our action plans	12
Performance summary	14

## Operational performance

We have provided summaries of operational performance against our eight outcomes in the sections of the report below. A two-page summary of our performance is on pages 14 and 15.

Operational review	16
WaterFit	20
Open data	22
WaterFit Live	24
Net zero	26
Innovation	28
Investing in our people	30
Financial review	34


## Regulatory Reporting

The Regulatory Reporting section of this report provides annual reporting in line with Ofwat's Regulatory Accounting Guidelines.	
Chair's letter on governance	36
Our governance at a glance	38
Board of Directors	39
The SBB Executive Team	42
Board leadership and Company purpose	43
Remuneration Committee report	52
Director's remuneration report	54
Annual report on remuneration	55
Risk and Compliance Statement – Summary	68
Licence condition compliance and statements	72
Customer Focused Licence Conditions	75
Managing our risks	76
Assurance	78
Independent Auditor's report	86
Assurance report	89
Technical auditor's report	96
Additional financial assurance	96
Notes to the regulatory accounts	97
Regulatory financial reporting – SBB	106
Regulatory financial reporting – SWB	116
Price review and other segmental reporting – SWB	118
Performance summary – SWB	133
Additional regulatory information – SWB	154
Regulatory financial reporting – BRL	216
Price review and other segmental reporting – BRL	218
Performance summary – BRL	231
Additional regulatory information – BRL	247
Cost allocation and transfer pricing	276
<b>Glossary</b>	
Glossary	281


## How to use this report

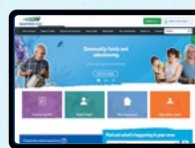
Throughout this report we make reference to different resources both online and within the document. The following key reflects the symbolism of content throughout:

 **External link**  
In the interactive PDF these links are clickable

 **Page reference**  
Pages where you can find more information on a related subject

## Find out more about South West Water:

 [www.southwestwater.co.uk](http://www.southwestwater.co.uk)

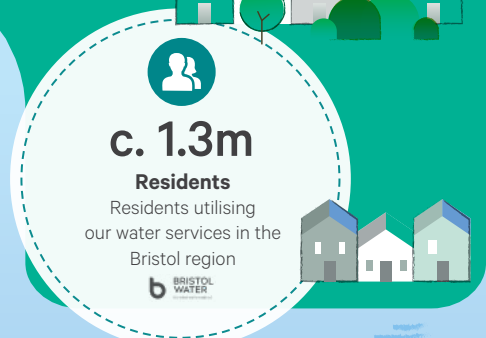
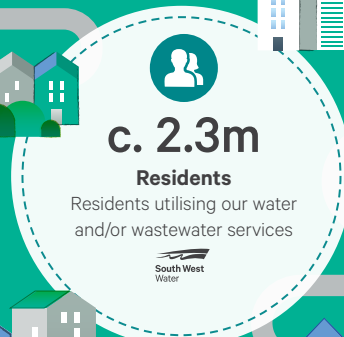


# Our operations at a glance

Delivering for our customers and tackling climate change

We know that water companies have a vital role today and every day, providing customers with safe and clean drinking water, and protecting our region's rivers and coastal waters, and recycling wastewater to the highest standard.

We have set stretching performance commitments against our outcomes which are subject to significant Board, customer, regulator and wider stakeholder scrutiny. Progress against these commitments has been summarised in each section of this report.



**Our operations**



**South West Water**

We provide water and wastewater services to South West Water customers in the Isles of Scilly, Cornwall, Devon and parts of Dorset and Somerset.

**Key**

- Environment
- Customers
- Wastewater



**Bournemouth Water**

We provide water services to Bournemouth Water customers in parts of Dorset, Hampshire and Wiltshire

- Clean water
- Resilience
- Community



**Bristol Water**

We provide water services to the city of Bristol and surrounding areas.



**126,733ha**  
**Catchment management**  
 Total hectares improved

**c. 3,000**  
**Employees**  
 Working to deliver our services across our region

**17,707**  
**Biodiversity index score**  
 The score for the quality of the habitat across our own sites

**100%<sup>1</sup>**  
**Bathing water quality**  
 All of our designated bathing waters which were assessed during the year met stringent water quality standards

<sup>1</sup> For those bathing waters impacted by South West Water assets.

# Introduction

## Improving our service and rebuilding trust

### We are listening

As we look back on the year, we have been focused on delivering our four priorities. As we look forward with record levels of investment and record support for our customers, we are also creating 2,000 jobs directly in the supply chain, to support the economic health of the region we cover.

The UK Water sector remains firmly in the spotlight, with regulatory, political and public scrutiny at an all-time high. It's difficult for any water company to ignore. We are listening.

Our customer and community roadshows have been key as we have directly faced into public anger of the sector, head on and we have focused on talking about what really matters most. From Bristol to Bournemouth, and across Devon, Cornwall and the Isles of Scilly, we are slowly changing perceptions, one conversation at a time. At the same time, we have embarked on our largest ever direct customer engagement, gathering the views and feedback of over 250,000 customers and 1,000 stakeholders as part of our £2.8bn PR24 business plan submission.

This has also been a year where we have refreshed our values, an opportunity to galvanise everyone who works for South West Water and our supply chain, and continue to evolve how we deliver for customers, communities and the environment. We are proud of our new values. Developed bottom up with employee engagement sessions and with our top 100 leaders and in response to our customer and stakeholder feedback as part of PR24 preparations, our values will help us to stand apart.

They epitomise everything we do as a good corporate citizen, as we continue to deliver strong performance in external ESG benchmarks, retain the Fair Tax mark for the 6th year running, move 23,000 customers on to social tariffs and welcome over 2 million visitors to our lakes and reservoirs. This ensures that any customer or visitor to the region is never more than an hour away from water, and able to use them for health and recreation.

We remain the only water company in the sector to reinvest outperformance directly with customers, by giving them a unique opportunity to become shareholders in their local water company with Watershare+. With around 100,000 customer shares issued, all stakeholders can be assured that customers directly benefit.

### Making progress on what matters most to customers, delivering on our four priorities

Turning to performance, we remain resolutely focused on our 4 customer priorities across the Greater South West. We are investing to protect water quality and enhance resilience; with the aim of tackling storm overflows at our beaches and eradicating pollutions across Devon and Cornwall and driving environmental gains, wherever we serve.

This is a year in which the weather has been both our friend and our foe.

With 10 named storms and 12 yellow weather warnings since September, it is a sobering statistic that 5 of the 10 wettest Februarys have been in the last 5 years, and with average rainfall increasing by 50% when compared to long term averages in the second half of the year. On one hand with more rainfall, along with our supply interruptions, we have been able to break the back of the drought we experienced in 2022, and in doing what we said we would by achieving 100% strategic reservoir capacity for Devon and Cornwall by April, ahead of target.

This has been a monumental undertaking, from teams across South West Water and the supply chain as we have opened 2 reservoirs at Blackpool Pit this year and Hawks Tor last year, and increased treatment capacity at Rialton, alongside pump recharge schemes. We are also on track to deliver a desalination scheme for Cornwall.

It is not just been about fixing the here and now. We are investing enough now to protect resources over the next 25 years, building trust in our services for the longer term. We have delivered on our 2025 target for Devon, with 30% greater resource availability and are on track for 45% in Cornwall, with 30% delivered to date.

There are always two sides to the coin, as in addition to diversifying our portfolio, it has also been about reducing demand. We are delivering on our leakage targets. And our sector-leading demand reduction schemes, are focused on supporting customers to use less water and save money, with c.500 water saving devices provided every day last year and we are piloting trial tariff schemes to better distribute charges and encourage water efficiency.

Overall, water quality continues to deliver upper quartile performance. We have delivered a step change in the Isles of Scilly, with zero failures of water treatment processes for Devon, Cornwall and Bournemouth, and with a robust action plan in place for Bristol to address the legacy issues we inherited.

The significantly increased wastewater flows have also impacted our headline performance for wastewater pollutions and the use of storm overflows, with rising groundwater levels and increasing flows into the network. Historically, 70% of our pollutions have occurred in our networks. The work we have done over the last few years is working, with performance stabilising. We are achieving sector leading internal sewer flooding performance, outperforming regulatory targets for sewer collapses and blockages and maintaining the gains we have made previously in reducing network pollutions.

Turning to the 20% increase in flows we have seen in 2023; we are focused on infiltration work. We have redoubled efforts at both our treatment works and pumping stations, where the higher levels of flows have driven spikes in performance. By reinvigorating action plans, our treatment works performance has recovered from the degradation we saw last year, stabilising performance into 2024, with a combination of inlet and storm tank cleansing and risk-based generator servicing, site-based compliance, reedbed surveys and refurbishments. Efforts have now turned to the 1,250 pumping stations, with improved site MOTs, and enhanced cleansing as well as tackling power resilience.

Reducing pollutions remains a top priority for the Board, and everyone who works in Wastewater.

We have maintained serious pollution incidents at the lowest level for 2023 (2), noting we are aiming for zero. For all other incidents, we have a revised trajectory to achieving 4 star performance for the 2025 calendar year.

We are clear and transparent about where we are, and over time, we have improved self-reporting of pollutions incidents, and now are one of the best in the sector.

The same higher levels of flows impacting pollutions, has increased the use of overflow. On a like for like basis, the investments we are making today, are delivering underlying performance improvements and which we will see in future years. Of the c.280 interventions planned, they have all been completed or are underway. And we're equally focused on a green first approach.

**“Solid financial performance and well positioned for the next regulatory period”**



As we focus on improving 49 of 151 beaches through our WaterFit investment programme by 2025, WaterFit Live is giving communities and visitors to the region near real time information about their favourite beach, alongside community roadshows, as we place communities at the heart of our future plans. And whilst beaches are a priority, we are equally focused on improving river water quality with RNAGs reduced from 19% to 12.4% and on track to get to our 2025 target.

One of the benefits of taking a nature-based approach is reduced costs for customers over the longer term. With a green first approach to investment, our award-winning catchment management programme is leading the way for biodiversity gains as well as continuing to help the way others manage their land, improve water quality, biodiversity and climate resilience.

Activities range from installing water side fencing, building ponds, improving farm tracks, slurry storage, under sowing maize, as well as planting trees and buffer strips to catch and filter water. With c.127,000 cumulative hectares restored, we are also exceeding our tree planting target at over 250,000.

Having worked on our catchments for the last 15 years, we have the science to back up the improvements and we officially opened our partnership with the University of Exeter in March 2024 providing research through a state-of-the-art laboratory into the key challenges and issues facing water, wastewater and the environment globally.

In tackling affordability, it is about two things, keeping bills as low as they can be for all customers, and secondly, supporting those who are struggling. We have always been focused on being as efficient as we can be in delivering services, and in keeping bill increases to 2025 well below inflation. In fact bills for Devon and Cornwall are lower today than they were 10 years ago. We continue to support customers and communities having provided over £100m of customer support with 132,000 customers benefiting from one or more of our affordability initiatives, building awareness of our customer out-reach engagement programmes. As a result, 100% of customers in Bristol find their bills affordable and 98% across other regions.

And given you can't choose your water provider; we believe you should have a say which is why we plan to grow our unique water share plus scheme to one in every 10 households.

### Higher Brixham, Hillhead and Kingswear Water Quality Event

On the 15th May 2024, a Boil Water notice was issued to the Brixham area of Devon, following detection of *Cryptosporidium* in the local drinking water network.

Incidents such as this are thankfully very rare but are incredibly complex to resolve. South West Water very quickly identified the source of the contamination – a damaged air valve installation on private land – which we then removed and replaced.

On the 8th July the final boil water notice was lifted for the remaining customers. Over the eight weeks, more than 1,000 South West Water network technicians, engineers, water quality scientists and contractors have worked on rotation 24 hours-a-day. Their work has included the cleaning and testing of more than 30,000 kilometres of pipework, cleaning and flushing the network almost 30 times, 'ice pigging' and the installation of crypto filters and ultra-violet machines. We have laid more than 1.2 kilometres of new pipework, and completely cleaned Hillhead and Boohay reservoirs.

Behind the scenes, we have sought the best advice from experts and scientists from across the world including Microbiologist, Professor Bruce Russell, Health experts at the Specialist Water Unit within Health Protection Division of New South Wales Department of Health in Australia, as well as many UK-based experts from Sheffield University, peers at our fellow UK water companies, overseas water utilities including Sydney Water Corporation, and many others.

We have learnt from the experiences of others around the world and worked closely with the UK Health Security Agency, the regulator and other public health authorities.

We were focused on minimising the impact to our customers and doing the right thing. We maintained a significant presence in the area to ensure customers and tourists were able to ask questions of us and keep up to date on the latest situation.

We know that no amount of compensation can make up for the inconvenience this situation has caused customers. However, we paid enhanced compensation quickly and have supported business customers with compensation claims.

### A sustainable future in the UK Water Sector

We're reshaping South West Water to be even more efficient, and to ensure we are performance led, with planned improvements in processes and operational effectiveness which will deliver synergies. We are bolstering delivery of the wider supply chain, collectively known as Amplify, with a two-tier supplier model in place and already supporting 1000 projects and in support of our £2.8bn investment plan for the region and delivery of RCV growth.

To be a sustainable business, we've always been clear, our investments can't just be in assets, they're in people too. We are the only water company to have been recognised as a Top 100 employer for apprenticeships. With over 470 apprenticeships to date and accredited as a gold employer for our "earn and learn" approach, c.1 in 10 colleagues have either undertaken an apprenticeship or graduate programmes. As we promote social mobility, we are giving young people the opportunity to dive into their local water company. For the third-year running we have had our best health and safety performance, as we deliver on our Home Safe strategy to ensure everyone who works for us and with us goes home safe every single day.

We're also leveraging technology, trialling AI in customer services and using predictive modelling to support wastewater operations.

Our financial position reflects the significant investment programmes over and above our plans to 2025, including investment to deliver resilience, tackle storm overflows and in supporting our region through green recovery and accelerated spend - all of which is reflected in our shadow RCV. With solid financial performance we are well positioned for the next regulatory period. Our efficiency programmes are focused on keeping costs below inflationary levels, despite the impacts of the unprecedented wet weather. Furthermore, with a diverse balance sheet, we are also efficiently funded. Our strategy for financing will continue to seek to ensure we remain one of the most efficient in the sector, and delivered in the right way as we continue to make progress.


# Business model and strategy

## What we do

### Water and wastewater

We provide water and wastewater services to our communities in the most efficient and sustainable way possible.

#### More information

 Our operations at a glance pages 00 and 01

## For the benefit of our stakeholders



### Customers

Our high-quality services support households and businesses in the regions we serve.



### Shareholders and investors

Our strong business model ensures shareholders and investors get a fair return.



### Regulators and stakeholders

Our engagement with regulators and key stakeholders ensures transparency in our business approach.



### People

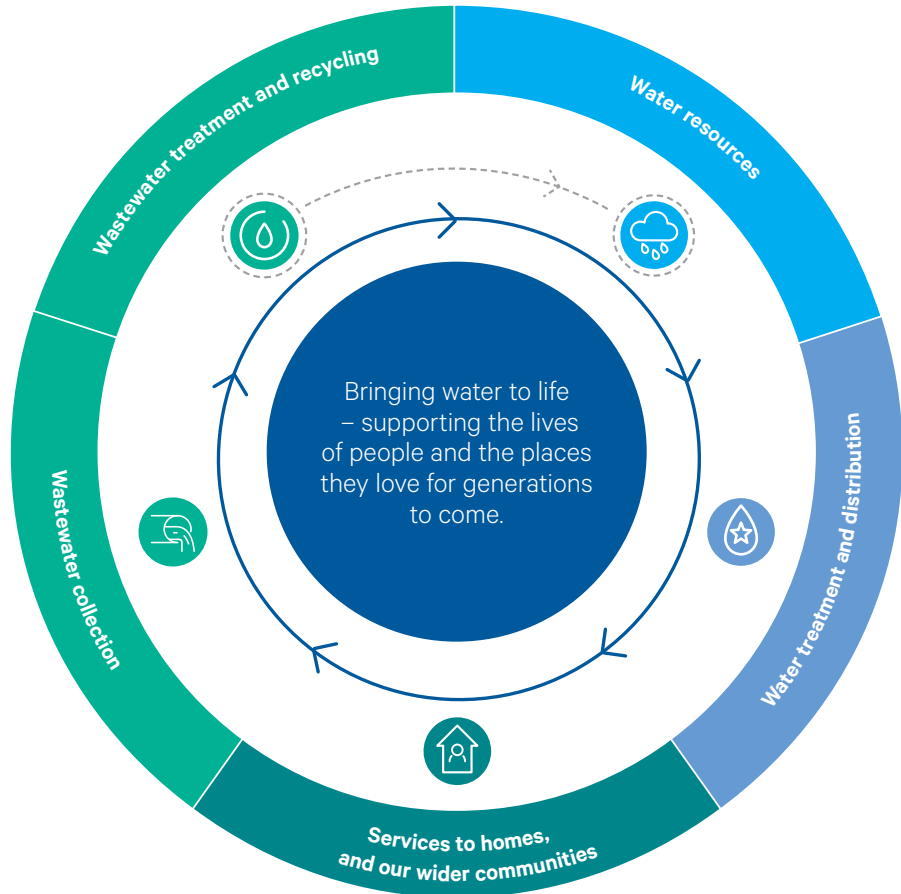
Our employees are highly valued and are integral to our success. Their health and safety is paramount.



### Suppliers and contractors

The relationships we have with our suppliers and contractors are fair and deliver many regional economic benefits.

## Our resources and relationships



### Trusted customer & community experience

#### Services to homes, and our wider communities

We manage an extensive network to deliver uninterrupted supplies to our customers whilst keeping customers' bills affordable. Our household retail contact centres are focused on providing excellent end-to-end customer experiences. From providing water and sanitation, through to environmental protection, recreational facilities, education, local jobs and investment for future generations. The services we provide are essential for the health and economic wellbeing of our local communities.



### Top quality water supplies

#### Water treatment and distribution

We take water from our reservoirs, river and groundwater sources and transport it to our treatment works, where it is treated to a high standard using a number of processes. Once the water is clean, safe and reliable we transport this to customers' homes and businesses through our c.26,000km of water pipes.



### Controlled & managed drainage

#### Wastewater collection

We maintain and operate c.23,000km of sewers in the South West region, removing waste from the homes and properties of our customers. Through our programme of proactive interventions, informed by extensive data and AI, we keep our network in the best possible condition, identifying and repairing issues alongside an extensive sewer cleaning programme.



### Protect & enhance natural resources

#### Wastewater treatment and recycling

We treat wastewater to a high standard at our 655 wastewater treatment works before returning treated wastewater to the environment, safely. Bioresources created during the treatment process are a valuable source of both nutrients and energy and contribute to a circular economy.



### Resilient water resources through healthy catchments

#### Water resources

Ensuring an available and sufficient supply of raw water is key to ensuring a continuous supply to customers. Our operations play a vital part in maintaining the level of river flows and their ecological health - from the level of water we release from our reservoirs into rivers, to the level we abstract and take to our treatment plants. Protecting the region's precious natural resources is at the heart of what we do.



## The strengths we rely on

### The best people

The talent, commitment and hard work of our people are the foundation of our success. As a responsible employer, we are focused on employee retention, training and development, productivity and, above all, an unwavering commitment to health, safety and wellbeing.

### Effective governance

A strong governance framework provides oversight and support to the Company including robust decision-making and performance management processes.

### High-quality assets

We invest in the construction of world-class facilities and plants that use state-of-the-art technology. We engage the best people to maintain and operate our assets, to ensure we always maximise returns.

### Efficient financing

The strength of our proposition, and investor confidence in our performance and reputation, means that we are well funded with efficient long-term financing.

### Environmental stewardship

We invest in the maintenance and improvement of our services, operations and assets and constantly seek more sustainable ways of working to protect, enhance and reduce our impact on the natural environment.

### Strong relationships with our suppliers

We work closely with our suppliers and take the steps necessary to ensure their performance meets our expectations. We expect them to uphold our standards, align with our policies, protect human rights and promote good working conditions.

### Well-managed risk

Comprehensive and fully embedded risk management processes assist us in identifying and managing risks and opportunities to deliver the Company's strategy and objectives.

### Strong reputation and customer service record

High levels of employee engagement and accreditation as best place to work.

### A stake and a say

Our unique WaterShare+ framework offers customers a greater stake and a say through Pennon share ownership or bill reductions, alongside a dedicated customer AGM.

## Our Board pledges to 2025


As part of our business plan to 2025, South West Water included five Board pledges, whilst Bristol Water established five promises to meet customer priorities. These have been amalgamated and form the basis of our refreshed pledges to 2025.

- 1 We will deliver environmental leadership
- 2 We will deliver reliable top quality water to our customers
- 3 We will provide outstanding customer service and water quality
- 4 We will deliver our promises, supporting the regional economy and our communities
- 5 We will deliver efficiency, keeping bills as low as possible and addressing water poverty
- 6 We will empower our customers by giving them a stake and more of a say in our business


## Our outcomes and other performance

### Protecting places

#### Environment


 Read more on pages 133 to 153 and 231 to 246

#### Reliable wastewater services


 Read more on pages 133 to 153 and 231 to 246

### Supporting people


#### Clean, safe and reliable supply of drinking water

 Read more on pages 133 to 153 and 231 to 246


#### Available and sufficient resources

 Read more on pages 133 to 153 and 231 to 246

#### Responsive to our customers


 Read more on pages 133 to 153 and 231 to 246

#### Benefitting the community

 Read more on pages 133 to 153 and 231 to 246


See also

### Investing in our people


 Read more on pages 30 to 33

### Creating value


#### Resilience

 Read more on pages 133 to 153 and 231 to 246

#### Fair charging and affordability for all

 Read more on pages 133 to 153 and 231 to 246

### Financial performance

 Read more on pages 33 to 35

# Customer engagement

Working in partnership with our customers is at the heart of everything we do.

We have undertaken a comprehensive and high-quality programme of customer and stakeholder engagement that is broad and inclusive, robust and effective. We have worked hard to apply it consistently throughout the development and delivery of our work programmes across the region.

We have continued the customer research programme commenced in PR19, with an extensive customer engagement plan that aims to understand the views from all the different customer groups we serve.

We have engaged proactively and directly with over 250,000 customers, empowering them by tailoring our range of engagement tools to suit their participation needs – surveys, workshops, focus groups and interviews – as well as our day to day interactions tracking surveys, post work feedback, post event feedback, amongst others – to build up and leverage our insights to co-create our plans.

Our Watershare+ model enables our customers to hold shares in our parent company, Pennon Group, giving them ownership of their local water company. It also gives all customers the ability to come along to talk directly to and challenge us, through our open, Watershare+ customer panel meetings. This unique model allows customers to become part of our customer panel, working with our independent panel to challenge our performance and have a say in what we do - to co-create our plans with us.

We ensured that our engagement exceeds Ofwat's standards for high quality engagement and is:

- Inclusive – enabling everyone to have a voice
- Robust and effective – working collaboratively with our partners to drive high quality, comprehensive, meaningful engagement that makes a difference
- Business as usual – applied continually and consistently throughout the development and delivery of our work programmes across the region – to empower customers and communities everyday.



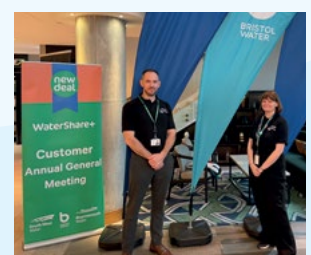
Our overall customer engagement programme has been closely overseen by our Board and ensured clear lines of communication from the WaterShare+ panel to our Board (for example, through meeting attendance to update on progress and any issues to provide a backstop that ensures customers views are heard at Board). Overall, we are confident that we have met and exceeded Ofwat's customer engagement, challenge and assurance standards.

## Community roadshows

Community roadshows are conversation-based. Experts from around the business are on hand to talk about the things that matter most to customers and answer any of their questions.

Our roadshows focus on four key areas:

- Investing in water quality and resilience
- Tackling storm overflows and pollutions
- Reaching net zero and environmental gains
- Addressing affordability and delivering for customers



### Roadshow events

1 Sidmouth December 2023	11 Lyme Regis April 2024	21 St Ives September 2024
2 Torquay January 2023	12 Bude April 2024	22 Combe Martin October 2024
3 Exmouth January 2024	13 Par April 2024	23 Dartmouth October 2024
4 Lynmouth January 2024	14 St.Austell May 2024	24 Mothecombe October 2024
5 Falmouth February 2024	15 Woolacombe June 2024	25 Thurlestone November 2024
6 Plymouth February 2024	16 Portreath, Porthtowan and St Agnes June 2024	26 WestwardHo! November 2024
7 Christow March 2024	17 Penzance July 2024	27 Hayle and Gwithian December 2024
8 Kingsbridge April 2024	18 Croyde July 2024	28 Looe January 2025
9 Budleigh Salterton April 2024	19 Crantock August 2024	29 Teignmouth January 2025
10 Harlyn Bay and Padstow April 2024	20 Newquay September 2024	30 Seaton February 2025

# Our engagement this year

Our engagement with our customers continues throughout the year through surveys or focus groups, where we regularly ask our customers opinions on things that matter most. As we progress through our planning of the next regulatory period, our engagement has gone further, whilst also taking feedback from our unique WaterShare+ panel.

**Key**

→ Focus groups

→ Survey

→ Customer panel forum

**April 2023**

- Drought (Cornwall) post-event research
- Bespoke PCs
- Sewer misuse awareness and behaviours
- WaterFit Live & testing SBB leakage journey

**May 2023**

- Social tariff research
- Customer satisfaction & affordability
- Drought (Devon) post-event research
- Your water, your say: proposed business plan

**June 2023**

- WRMP testing: customer feedback
- Business Plan Testing – targets to 2050

**October 2023**

- Customer AGM
- Social tariff research

**September 2023**

- Affordability and Acceptability Testing: revised business plan
- Post-event research quarterly review

**August 2023**

- Customer satisfaction & affordability
- Affordability and Acceptability Testing: proposed business plan

**November 2023**

- Customer satisfaction & affordability
- Your water, your say: business plan feedback

**December 2023**

- Institute of Customer Service
- Post-event research quarterly review

**January 2024**

- Customer satisfaction
- 'In Their Shoes' customer satisfaction

**May 2024**

- Vulnerability strategy research
- Service satisfaction online panel
- EPA research

**April 2024**

- Isles of Scilly investment
- 'The Drop' (Bristol) online panel
- 'In Their Shoes' customer satisfaction

**March 2024**

- 'The Drop' (SWB) customer magazine
- 'In Their Shoes' customer satisfaction
- Post-event research quarterly review

**February 2024**

- Youth Board
- Customer satisfaction & affordability
- 'In Their Shoes' customer satisfaction
- WaterFit Live testing

# WaterShare+



## About the WaterShare+ Advisory Panel

The South West WaterShare+ Advisory Panel is an independent group of customer, business and social representatives.

The Panel works with customers across the region to ensure customers' voices are represented within the business.

The Panel is supported by expert advisors from the CCW, the Environment Agency and Natural England. All provide specialist insight and views to the Company on their areas of expertise. The Panel works with customers across the a the region to ensure customers' voices are represented within the business.

Whilst the combined Panel oversees strategic matters on behalf of customers across our regions, dedicated groups remain in place to continue to oversee and scrutinise our performance and delivery of operational outcomes to 2025 for South West and Bristol commitments.

The Panel has continued to scrutinise the development of our business plan 2025-30, challenging our proposals with a particular emphasis on our customer engagement – helping to ensure that our plans represent the views of our customers and communities.

Our environmental, customer and technical issues subgroups also focus on ensuring a deeper challenge on key issues. This ensures customers views and priorities are reflected in our plan.



The Group Panel is chaired by Lord Matthew Taylor with Peaches Golding (OBE) as deputy chair and includes representatives from our regulators.

The integrated Panel held quarterly meetings in person for customers and stakeholders, rotating across the regions. This has allowed customers to have their say in the operation and direction of the business and for us to listen to their views and ensure we understand their needs and concerns.

Biographies for members of the Panel can be found on the South West Water website, on the WaterShare+ page; see: [www.southwestwater.co.uk/about-us/watershareplus/panel/](http://www.southwestwater.co.uk/about-us/watershareplus/panel/)

## Our regulators



## Our policymakers



## Have your say

You can tell the Panel what you think and have your say by asking them a question at:

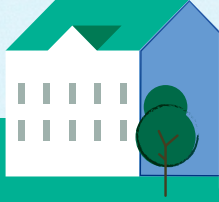
➔ **South West Water WaterShare+ meeting**  
[www.southwestwater.co.uk/about-us/watershareplus/meeting/](http://www.southwestwater.co.uk/about-us/watershareplus/meeting/)

➔ **Bournemouth Water WaterShare+ meeting**  
[www.bournemouthwater.co.uk/about-us/watershareplus/watershare-public-meeting/](http://www.bournemouthwater.co.uk/about-us/watershareplus/watershare-public-meeting/)

## More information on the

➔ **Bristol Water Customer Challenge Panel is at:**  
[www.bristolwater.co.uk/watershare](http://www.bristolwater.co.uk/watershare)





### June 2023

#### WS+ Public Meeting

📍 Online

**Customer Attendance:** 9

**Topics:**

- 1. Company overview
- 2. Company Performance
- 3. Drought & Resilience

### July 2023

#### WS+ customer meeting

📍 Bristol

**Customer Attendance:** 30

**Topics:**

- 1. Company Performance
- 2. Customer Priorities
- 3. Future plans
- 4. Bills

### October 2023

#### WS+ customer meeting

📍 Bournemouth

**Customer Attendance:** 40

**Topics:**

- 1. PR24 Business Plan
- 2. Customer Insight
- 3. Strategic Priorities



### January 2024

#### WS+ customer meeting

📍 Barnstaple

**Customer Attendance:** 30

**Topics:**

- 1. Current focus in North Devon
- 2. PR24 Business Plan
- 3. Progressive Charges

### December 2023

#### WS+ customer meeting

📍 Online

**Customer Attendance:** 47

**Topics:**

- 1. Company Performance
- 2. Delivery for our Customers
- 3. Natural Resources Management

### February 2024

#### WS+ customer meeting

📍 Online

**Customer Attendance:** 44

**Topics:**

- 1. Company Performance
- 2. Charges update
- 3. Progressive Charges update

### April 2024

#### WS+ customer meeting

📍 Bristol

**Customer Attendance:** 15

**Topics:**

- 1. Our focus in Bristol
- 2. How we hear and act on Customer insight
- 3. Our plan for 2025-30

### May 2024

#### WS+ Public Meeting

📍 Online

**Customer Attendance:** 32

**Topics:**

- 1. Company performance and plans



# Our stakeholders

Empowered by our purpose

The sector we operate in has a high profile with a wide stakeholder group. The work we do delivers a wide range of benefits to a variety of stakeholders, creating long-term sustainable value.

We are committed to carrying out our business in a responsible way and to continuously improve how we provide all our services for the benefit of all our stakeholders.

We actively engage with all our stakeholders including our customers, our communities, our people, our suppliers and our regulators. We are acutely aware that many of our stakeholders are struggling with the uncertainty posed by the cost-of-living crisis, the political landscape and the wider economic environment.

We are committed to maintaining appropriate and regular dialogue to ensure our strategy and our performance objectives always reflect our stakeholders' expectations and needs. Our continuous engagement allows stakeholders to give feedback on matters they consider of importance to them and raise any issues which they would like to be addressed.

## Our approach to stakeholder engagement

- 1 Identify key stakeholders
- 2 Engage to understand priorities and material issues
- 3 Engage to develop strategies and plans to meet priorities
- 4 Engage on delivery and partnership working
- 5 Review and communicate progress and performance

## Who they are

### Our customers



### Our communities



### Our people



### Our environment



### Our suppliers & contractors



### Our regulators



### Our policy makers



### How we engage

<p>We supply water and wastewater services to around 3.5 million residents in the South West and water and wastewater services to end users via retailers in the non-household market.</p>	<ul style="list-style-type: none"> <li>• Regular customer satisfaction surveys</li> <li>• Customer service centre</li> <li>• Focus groups</li> <li>• Co-creation workshops</li> <li>• Roadshows and local events</li> <li>• Extensive customer research</li> </ul>	<ul style="list-style-type: none"> <li>• Customer AGM</li> <li>• WaterShare+ Advisory Panel and Challenge panels</li> <li>• Community, charity and education projects</li> <li>• Neighbourhood and Water- Saving Community Funds</li> </ul>
<p>We operate in the heart of local communities.</p>	<ul style="list-style-type: none"> <li>• Engaging our communities in behavioural change campaigns</li> <li>• South West-wide specific partner engagement</li> <li>• WaterFit Live</li> </ul>	<ul style="list-style-type: none"> <li>• Community outreach programme working directly with the Affordability and vulnerability partnerships</li> <li>• An education programme working with primary schools</li> </ul>
<p>A total of c.3,000 people work for South West Water, in corporate and operational roles. It's our people that keep things moving 24/7 to deliver wastewater services and to ensure our customers receive clean and safe drinking water.</p>	<ul style="list-style-type: none"> <li>• Annual colleague Great Place To Work trust and engagement survey and work with senior leaders to develop local action plans</li> <li>• RISE employee engagement forums – Represent, Inspire, Share and Energise</li> </ul>	<ul style="list-style-type: none"> <li>• Two-way communication activities including fortnightly Big Chats, monthly senior leadership calls, Executive and Board site visits, as well as ongoing internal communication social channels Yammer and our intranet</li> </ul>
<p>Beaches, bathing waters, rivers, our natural environment sets us apart as a region. We recognise that is what makes us unique. It also creates a similarly unique set of challenges and opportunities. We recognise that to meet these effectively, we need to collaborate and to build strong, value-filled partnerships with the wide range of environmental stakeholders in the region.</p>	<ul style="list-style-type: none"> <li>• Our senior leadership team meets routinely with leaders of environmental organisations and charities</li> <li>• Expanded liaison with fishery and other local environmental groups</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings with the Environment Agency both at strategic and catchment level</li> <li>• Regular meetings and liaison with partners such as Surfers Against Sewage, the Wildlife and River Trusts</li> </ul>
<p>As a large organisation we work with a large and diverse supply chain. Our supply chain partners play a vital role in supporting sustainable growth and cost base efficiency across the business.</p>	<ul style="list-style-type: none"> <li>• We unveiled our major new alliance, Amplify, with some of the country's best engineering companies</li> <li>• Regular meetings and communications</li> <li>• Supplier reviews and audits</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Conduct for supply chain partners</li> <li>• Sustainable Procurement Policy</li> <li>• Formal contracts and framework agreements</li> <li>• E-procurement and risk management platforms</li> </ul>
<p>We have an open dialogue and meet regularly with our regulatory bodies: Ofwat, the Department for Environment, Food &amp; Rural Affairs (Defra), the Environment Agency, the Drinking Water Inspectorate and the Health and Safety Executive (HSE).</p>	<ul style="list-style-type: none"> <li>• Regular meetings (seek to approach areas collaboratively)</li> <li>• Action plans, reports and reviews</li> <li>• One-to-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Responding proactively to Consultations</li> <li>• Workshops and our Stakeholder Forum</li> </ul>
<p>Our stakeholder strategy includes building an open and transparent relationship with the widest range of policy makers, from local MPs, who seek to reflect the local priorities of their constituents, to UK Government which ultimately sets water priorities and policy, through bodies such as Defra, Natural England and the Environment Agency.</p>	<ul style="list-style-type: none"> <li>• We are a member of Water UK, which works with Government, regulators and stakeholders to develop policy on water and the sustainable delivery of water services in the UK</li> <li>• At a local level, we meet on a regular basis with MPs, hosting site visits and constituency-based meetings. We also contribute to round table debates as and when relevant</li> </ul>	<ul style="list-style-type: none"> <li>• We regularly respond to all consultations, and over the past 12 months, appeared before the Environmental Audit Select Committee into river water quality</li> <li>• We are one of the founding members of the Back the South West campaign</li> </ul>

# Our action plans

## Enabling improvement



Delivering fundamental services to our c.2 million customers across the South West is at the heart of our 2020-25 Business Plan.

In line with Regulatory Reporting requirements to 2025, we are clearly reporting ODI performance separately across all performance commitments.

With stretching performance commitments, improved environmental outcomes, and a need to keep customer bills as low as possible, our plans also include record levels of investment to achieve our ambition of being a leading water company, delivering for our customers.

In 2021/22 Ofwat's water company performance report assessed South West Water as delivering in 7 out of 12 of the measures commonly used to compare performance across the industry, with our internal sewer flooding performance placing us 1st overall.

However, with five of the measures not on target, we were assessed as 'lagging' for 2021/22. There are clearly important areas where we need to improve. In March 2023 we published our first action plans to ensure we can confidently deliver on our commitments to customers and the environment. South West Water moved into the 'Average' category in the 2022/23 Water Company Performance Report, only one of two companies to show an improvement year on year.

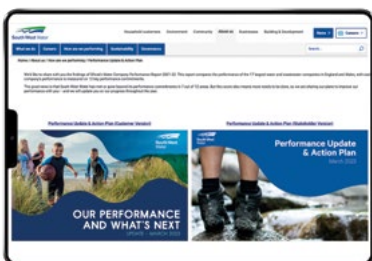
In 2022/23, Bristol Water was identified as 'Lagging' and five areas of measures were also identified to publish an action plan in respect of.

In line with our annual performance report, we have also published a further update to these action plans (our 'Service Commitment Plan').

We will regularly update our progress against our actions plan to ensure we are driving for improvements.

[Find out more about our action plan:](#)

[www.southwestwater.co.uk/about-us/how-are-we-performing/performance-update-action-plan/](http://www.southwestwater.co.uk/about-us/how-are-we-performing/performance-update-action-plan/)



### What we're doing to get back on track



For each of the 5 areas where performance was below target for 2021/22, we have set out our key actions to improve performance:

- Customer satisfaction – our enhanced digital offering focuses on supporting our vulnerable customers as well as targeting to resolve customer issues first time. We aim to improve our customer perception through continual engagement, ensuring we are open and transparent.
- Supply interruptions – we have plans in place to improve our performance through technology innovation and working with partners to respond to bursts more rapidly.
- Water quality – our ongoing investment plans to 2025 will mitigate the risk of significant water quality failures, with our action plan delivering improvements through our 'Quality First' transformation programme and lead pipe replacement projects.
- Pollution incidents – our action plan will continue to focus on rising main replacements, utilising the intelligence gained from c.12,000 sewer depth monitors, and continuing our investment in technology and innovation.
- Wastewater treatment works compliance – our action plan targets performance through our hotspot investment programme, deployment of data and telemetry, and investment in alternative powers supplies to increase.



For each of the 5 areas where performance was below target for 2022/23, we have set out our key actions to improve performance:

- Leakage – Bristol Water has one of the lowest rates of leakage in the Country, however we have plans to further tackle leakage including increasing acoustic network loggers, increasing pressure management and specific capital interventions.
- Supply interruptions – we've introduced specialist 24 hour Incident Officers.
- Water quality – we're taking both short term remedial actions and longer-term measures including rolling out South West Water's Quality First programme in Bristol.
- Mains repairs – we're minimising the likelihood of bursts through replacing targeted sections or whole areas of poorly performing pipes and employing calm network techniques.
- Unplanned outage – we've a multi-year programme to reduce the risk of outages at Purton Treatment Works, including short term remedial action.







### 2023/24 Performance

2023/24 saw one of the wettest years on record – with particularly high levels of rainfall over the second half of the year, leading to higher ground water levels. Ten named storms and 12 yellow weather warnings were experienced in the region.

The increased rainfall and high groundwater levels has driven up the use of storm overflows which are used in wet weather as a ‘release valve’ on the network to avoid sewer flooding to homes and businesses as well as increasing the number of pollution incidents in the both the 2023 calendar year and carrying forward into the 2024 calendar year.

For wastewater treatment works compliance, we experienced a number of challenges at individual sites over the summer, however we took immediate action to contain issues.

While our CRI score remains outside the regulatory deadband of 2.00, we continue to make progress through our ‘Quality First’ programme with investment at our Water Treatment Works.

Supply interruptions remain adverse to target driven by events of scale. Three significant events occurred in June, although these were partially mitigated through re-valving and deployment of Alternative Water Supply tankers.

C-MeX performance has been impacted in part by customer perception of industry-wide wastewater performance.



### 2023/24 Performance

Bristol’s leakage performance is one of the best in the industry, however the level of pace of improvements required in the business plan have proved challenging. As a rolling three-year average measure, the impact of the freeze/thaw on our 2022/23 position is having an enduring impact on delivering this target, and therefore why we will potentially miss our target for this regulatory period. Our plans have achieved a year-on-year improvement.

CRI has been impacted by three events at our larger sites. Bristol is implementing the South West Water ‘Quality First’ programme, rolled out with enhanced mains flushing, tank inspection and cleaning alongside staff survey and training.

Supply interruptions remain outside of target in Bristol also in line with incidents of scale, in particular third-party damage in Hallen and a complex Christmas Day burst trunk main in Winterbourne. Our operational performance indicates that the 2024/25 target is achievable.

Our mains repairs performance has returned to target following the impact of the freeze/thaw in Winter 2022.

Unplanned outage has also returned to target in line with an ongoing programme of work on clarifiers and high lift pumps at Purton Water Treatment Works, which had caused a prolonged period of unplanned outage last year.

**96.2%** 🌊 🟢 ⬇️

#### Treatment work compliance



**3.02** 💧 ✖️ ⬇️

#### Water quality compliance (CRI)\* Number



**111.24** 🌿 ✖️ ⬇️

#### Pollution incidents



**6.1%** 💧 ✖️ ⬇️

#### Leakage levels



**124.8** 🚰 🟢 ⬇️

#### Mains repairs



**00:09:24** 🚰 ✖️ ⬇️

#### Water supply interruptions



**13/17** 👤 ✖️ ⬇️

#### Customer satisfaction



**00:09:18** 💧 ✖️ ⬇️

#### Supply interruptions



**7.05\*** 🚰 ✖️ ⬇️

#### Water quality compliance (CRI)\* Number



**2.06** 🚰 🟢 ⬇️

#### Unplanned outage %



**Key**

- 🌿 Environment
- 👤 Customers
- 🌊 Wastewater
- 💧 Availability
- 🚰 Clean water
- ✖️ Areas of focus
- ✖️ Marginal performance
- 🟢 On track
- ⬆️ Up from last year
- ⬇️ Down from last year



# Performance summary

## Water 5/10



### Targets met/on track Clean, safe and reliable drinking water

- Water supply interruptions
- Mains repairs
- Unplanned outage
- Taste, smell and colour contacts\*
- Efficient delivery of the new Alderney WTW
- Water quality compliance (CRI)\*
- Efficient delivery of the new Knapp Mill WTW\*\*

### Available and sufficient resources

- Water restrictions placed on customers
- Leakage
- Per capita consumption

## Wastewater 5/9



### Targets met/within regulatory deadband Reliable wastewater services

- Internal sewer flooding
- Sewer collapses
- External sewer flooding incidents
- Sewer blockages
- Odour contacts from wastewater treatment works
- Treatment works compliance\*
- Total wastewater treatment works (WWTW) compliance\*
- Descriptive compliance\*/\*\*\*
- Compliance with sludge standard\*

## Customer 7/8



### Targets met/on track Responsive to customers

- D-MeX
- Operational contacts resolved first time – water
- Operational contacts resolved first time – wastewater
- Customer satisfaction with value for money
- British Standard for Inclusive Service Provision
- Overall satisfaction of services received on the Priority Services Register
- Priority services for customers in vulnerable circumstances
- Sub-measures
  - Priority services for customers in vulnerable circumstances –reached
  - Priority services for customers in vulnerable circumstances – actual contacts
  - Priority services for customers in vulnerable circumstances –attempted contacts
- C-MeX

## 4/4



### Targets met Fair charging and affordable bills for all

- Installation of AMR meters
- Number of customers on one of our support tariffs
- Voids for residential retail
- Percentage of customers who find their water bill affordable

## Environment 3/6



### Targets met/on track Protecting the environment

- Biodiversity – enhancement
- Biodiversity – compliance\*
- Biodiversity – prevent deterioration
- Pollution incidents\*
- Number of pollution incidents category 1-3 (water only)\*
- EPA\*

## Resilience 4/5



### Targets met/on track Resilience

- Resilient water and wastewater services on the Isles of Scilly
- Resilience in the round – wastewater
- Resilience in the round – water
- Risk of sewer flooding in a storm
- Risk of severe restrictions in a drought

## Community 2/2



### Targets met/on track Benefitting the community

- Bathing water quality
- Abstraction incentive mechanism\*\*

## Outcome delivery incentives 2023/24 – c. 70% on track or ahead of target



**Area of excellence**  
Where performance has significantly exceeded our commitment



**Outperformance**  
Where performance has demonstrably exceeded our commitment



**On track**  
Where our performance has met our commitment or is within tolerance



**Marginal underperformance**  
Where we believe we have plans to quickly return performance to within committed levels



**Area of focus**  
Where significant work is underway to achieve plan commitments, with Executive-led improvement plans overseen by the Board

\* Calendar year incentive.

\*\* Two performance commitments have no commitment for 2022/23 but are on track for future years' commitments.

\*\*\* Descriptive compliance was not achieved this year, but is within the regulatory deadband and is considered 'on track' for future years.



## Water 6/11



### Targets met/on track Clean, safe and reliable drinking water



- Water quality compliance (CRI)\*
- Water supply interruptions
- Appearance contacts
- Taste & smell contacts
- Mains repairs
- Unplanned outage
- Unplanned maintenance events on above ground assets
- Properties at risk of receiving low pressure
- Turbidity

### Available and sufficient resources



- Leakage
- Per capita consumption

## Customer 4/6



### Targets met/on track Responsive to customers



- C-MeX
  - Customer satisfaction with value for money
  - % of satisfied vulnerable customer
  - D-MeX
  - Priority services for customers in vulnerable circumstances
- Sub-measures
- Priority services for customers in vulnerable circumstances –reached
  - Priority services for customers in vulnerable circumstances – actual contacts
  - Priority services for customers in vulnerable circumstances –attempted contacts
- Total complaints per 10,000

## 2/3



### Targets met/on track Fair charging



- Customers in water poverty
- Meter penetration
- Voids

## Environment 5/5



### Targets met/on track Protecting the environment



- Biodiversity Index
- Water Industry National Environment Programme compliance
- Waste disposal compliance
- Raw water quality of sources
- Water Industry National Environment Programme delivery

## Resilience 2/2



### Targets met/on track Resilience



- Customers at risk of severe drought restrictions
- Glastonbury Street Network resilience

## Community 2/2



### Targets met/on track Benefitting the community



- Local community satisfaction
- Abstraction incentive mechanism

## Outcome delivery incentives – 2023/24 – c.70% on track or ahead of target



**Area of excellence**  
Where performance has significantly exceeded our commitment



**Outperformance**  
Where performance has demonstrably exceeded our commitment



**On track**  
Where our performance has met our commitment or is within tolerance



**Marginal underperformance**  
Where we believe we have plans to quickly return performance to within committed levels



**Area of focus**  
Where significant work is underway to achieve plan commitments, with Executive-led improvement plans overseen by the Board

\* Calendar Year Incentive.

### Key



# Operational review

Turning to performance, we remain resolutely focused on our 4 customer priorities across the Greater South West. We are investing to protect water quality and enhance resilience; tackling storm overflows at our beaches and eradicating pollutions across Devon and Cornwall and driving environmental gains, wherever we serve.

## Water Quality and Resilience

### Investing to secure resilience, now and into the future

Across South West Water we are trusted to provide a clean, safe and reliable water supply to c.3.5million people across Bristol, Bournemouth, Devon, Cornwall, the Isles of Scilly and parts of Dorset. The health of our environment is intricately linked to the state of our water supply, so as we look to ensure robust supplies into the future, we focus on protecting the environment from which we take raw water to be treated and put into supply.

### Building water resources

Delivering a resilient water service requires us to invest smartly in securing new sources of supply as well as reducing the demand placed on our infrastructure. Our twin-track approach has been to invest in new resources and accelerate plans for improvement, whilst seeking to tackle leakage and reduce customer demand.

Our programme to diversify South West Water's portfolio of water resources in Devon is now complete, with two thirds of the programme of work in Cornwall also complete. Wet weather through 2023/24 has benefited our storage position augmenting the investments that have contributed one-third of the gains to strategic storage in the region, with the early achievement of 100% storage for our strategic reservoirs ahead of 31st March 2024.

### Supply Schemes

Construction work at Blackpool Pit is now complete which brings our portfolio of repurposed quarries to four.

Blackpool Pit, along with Stannon, Park and Hawks Tor, have all been used this year to support an improvement in water resources in Cornwall. In Devon, our winter pump storage work at Gatherley is also now operational, and along with the Lyd pumping scheme delivered last year, both new schemes have been used this year to support improvement in our water resources in Devon.

In addition to these, our desalination plant in South Cornwall is on track to be operational in 2024/25 and our Porth Rialton water abstraction and treatment scheme will be operational under its winter licence in 2024/25. With these projects, we are improving the long-term resilience of the region following a year-long drought in 2022/23. We are on track to reach our target of a 45% increase in Cornwall water resources by 2025, having already achieved our targeted 30% increase in Devon water resources one year ahead of schedule.

In Bristol, supply levels remain in surplus but our long-term plans include investment in Cheddar 2 Reservoir which will support resources across the wider South West region.

### Compliance Risk Index (CRI)

The Compliance Risk Index score as reported by the Drinking Water Inspectorate (DWI) measures water quality compliance.

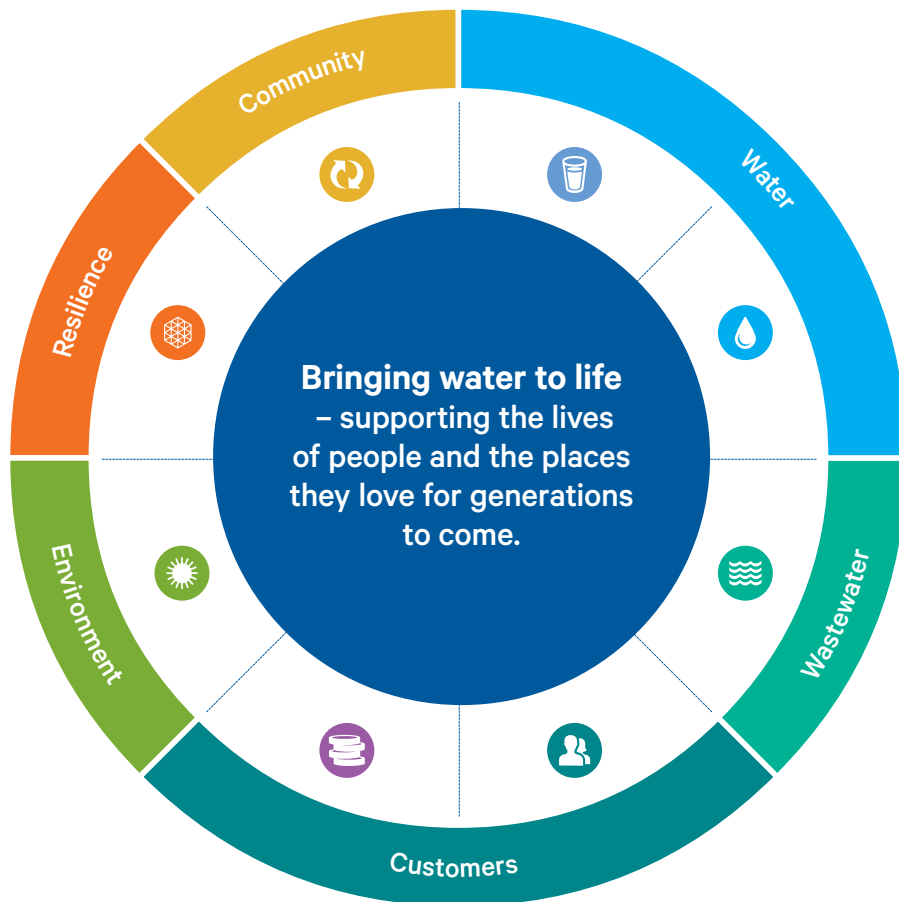
Our CRI score for South West Water of 3.02 is slightly higher than last year but in the upper quartile for Water & Sewerage companies. We continue to make progress through our 'Quality First' programme with investment at our Water Treatment Works and there were no failures in the treatment processes in 2023. Our performance is above target and has been impacted due to higher incidents on our networks, particularly at consumer taps following network burst events. We have implemented an enhanced mains flushing programme to mitigate this risk further. For the Isles of Scilly, Whilst not included in our ODI, We have made step-change in water quality performance.

In Bristol, our CRI performance remains challenging for the region, and performance for Bristol was a score of 7.05. Our investigations have identified the condition of the treated water tank and a valving arrangement as the likely causes for these failures. While we have implemented remedial actions, longer-term improvements are required within our future regulatory investment programmes. Further enhanced maintenance and resilience improvements are being delivered across our Bristol water treatment works with specific sites targeted for improvement. Consistent with our action plan published for South West Water, we are rolling out our Quality First programme in Bristol, targeting key areas for improvement, which includes tank cleaning and mains flushing.

### Water Quality Upgrades

As part of our business plan to 2025 we committed to building two state of the art treatments works in the Bournemouth area and work is progressing well at Alderney and Knapp Mill following planning permission being achieved at this site during the year. We are on track to achieve water into supply at Alderney by March 2025, and customers will then benefit from the enhanced ceramic membrane treatment. In addition, upgrades at four works in Devon and Cornwall are also progressing well with investments made to reduce manganese and install Granular Activated Carbon Treatment.

## Our outcomes are based on our customer and stakeholder priorities



### Taste, smell and colour contacts

We recognise that consumers expect their drinking water to look and taste great and that this is important in maintaining consumers' trust in the quality of our supplies. We continue to invest in all aspects of our operations from source to tap to maintain that trust.

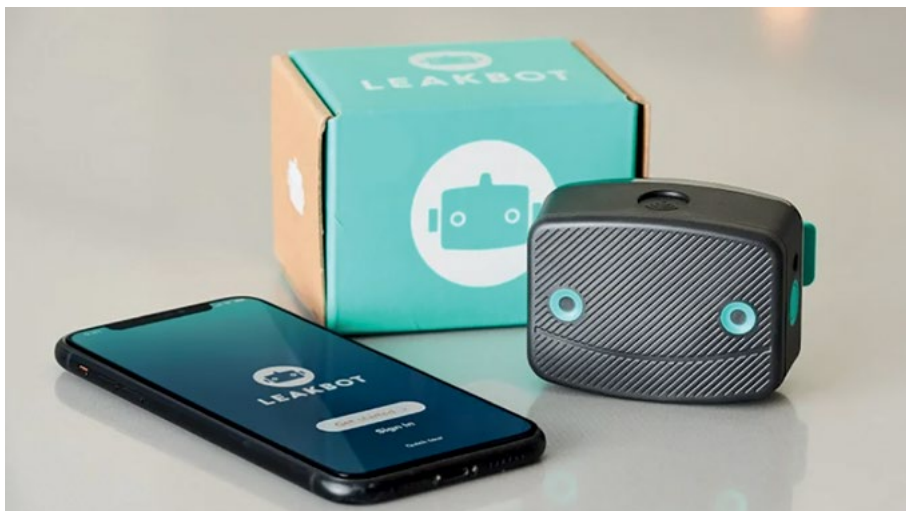
South West Water contacts at 1.66 per 1,000 population, have increased slightly compared to last year, and are outside the performance commitment target for this year. This increase in contacts has followed a continued temporary suspension on maintenance flushing of the drinking water network during the periods of temporary use restrictions, following the drought in 2022, which in some areas lasted until September 2023.

Bristol has separate regulatory targets for taste and smell contacts, as well as separate targets for appearance contacts. 2023 saw improved performance in both of these metrics and there has been a substantial reduction in water quality contacts over this reporting period. The target for taste and smell was achieved reflecting the Company's focus in this area, with a systematic flushing programme which is helping to alleviate those tastes and smells that may develop in the mains water before it reaches the customer. Although the appearance metric was missed, this year saw the Company's best performance in this area to date and to further improve performance, we are increasing our flushing activities across a greater proportion of the network to be flushed.

### Leakage

We recognise that the prevention of water being lost in leakage from our (and customers) pipes and assets is a key issue for all customers and is something we work continuously to reduce. In South West Water we are focused on reducing leakage with a target of c.15% by 2025 (based on a three-year average). Leakage in 2023/24 has been impacted by two 'cold snaps' in November and January as well as a decline in the number of reported leaks (where the wetter weather has reduced the visibility water arising from leaks). This has placed greater focus on our detection activities which have increased, pressure management to continue to calm our network and using innovation. We have also focused on reducing losses from our trunk mains and continuing to support customers to identify and fix leaks within their supply pipes. Whilst this year is higher than 2022/23, the three year rolling average performance commitment has been met. We know that there is still more we need to do to find, fix and prevent leaks and we continue to focus on action plans to significantly reduce leakage in 2024/25 to meet this target.

Bristol Water has not met its leakage target this year. In order to make improvements going forward, we are focused on enhanced data and monitoring with c.7,000 acoustic monitors installed to support quicker and more accurate detection. In addition, a key mains replacement programme is 60% complete and will support further resilience of our networks. As a result of our activities leakage in the year has reduced, but remains elevated and with the impact of the cold weather (over the last two years) we have not met our performance commitment in this area.



### Minimising customer supply interruptions

We understand the inconvenience that supply interruptions can cause. The importance of 'always on' supplies, maintaining both public health and customer confidence is one of our key priorities. In both South West and Bristol, a relatively small number of events of scale have continued to impact our performance. Three significant events in Devon and Cornwall occurred in June, although these were partially mitigated through re-valving and deployment of Alternative Water Supply tankers. For South West Water, we continue to develop and deliver against our action plans, including increased 24/7 alternative water supply availability, incident management improvements, training and further calm network assessments. After June, performance in the remainder of the year returned to normal levels, however larger events continue to disproportionately impact our overall performance, which was 9 minutes 18 seconds for the year.

Bristol has been primarily impacted by third-party damage in Hallen and a complex Christmas Day burst trunk main in Winterbourne – these two incidents accounted for 70% of supply interruptions in the Bristol area, with overall performance of 9 minutes 24 seconds.

Whilst we have not delivered against our performance commitment this year, we expect to still be above the industry average (based on 2022/23 comparative data).

### Managing demand and ensuring efficiency

#### Demand reductions

To reduce demand we are focused on minimising our own use, tackling leakage and reducing customer demand through water efficiency.

We have successfully reduced our own use by 11Ml/day over the last two years and we continue to improve efficiency within our processes.

#### Per capita consumption (PCC)

This measure is to incentivise companies to conserve natural resources and to target and support customers in using less water. Like all companies we saw a significant change in usage as a result of the COVID pandemic where behaviours and consumption for household customers has permanently changed. Therefore, both South West Water and Bristol Water will not meet this performance commitment this year.

In South West Water we have continued our significant water efficiency programmes including:

- Launching our 'Water is Precious' campaign – as part of this we have provided around 500 water saving devices every day this financial year.
- Our North Devon smart metering programme is now 50% complete and on track for completion in 2025 – which will result in 76,000 meters deployed in this area.
- Following on from the 'Stop the Drop' campaign last year, we launched a tariff incentive so that customers in Cornwall could receive a £10 credit to their bill if they collectively reduced their water consumption by c.5% - which they achieved.
- Launched our progressive charging trials for 2024/25 to include standard seasonal tariffs (both households and businesses), rising block tariffs and peak period seasonal tariff.
- Water efficiency initiatives in Bristol are also targeting customers to use less, through water saving devices, as well as donations to charities that promote and educate on water consumption.

### Water availability

Following one of the hottest and driest years on record in 2022 we introduced water restrictions in Cornwall and parts of Devon which were in place until September 2023. We have invested record amounts to deliver our drought plan and by the end of March 2024 total reservoir levels for South West Water stood at nearly 100%, ahead of our targeted levels.

Whilst the recent wetter winter has helped reservoir levels, our interventions and the hard work of customers to reduce their water usage has combined to recharge our reservoirs ahead of the summer months and peak demand for the region's water resources – with one third of capacity delivered by our interventions. On a longer term basis, many of the investments will deliver a sustained increase in capacity where we have seen most challenge and demand on our network, whether through the new reservoir Blackpool Pit on Bodmin Moor, a new treatment works at Porth Rialton or a new desalination works in Par. We are therefore confident that there will be no restrictions in the coming year.

Bristol's water resources remain robust and storage at the ends of March 2024 was c.100%, as it was in March 2023, despite the challenges of hot, dry conditions in 2022.

## I Operational review continued

### Maintaining asset health

#### Mains repairs

When our mains get damaged or fail, it is vitally important that these are repaired to ensure that we do not waste valuable water and that customers are kept in supply.

South West Water has had a focus on optimising the operation and control of our network by pressure management and other 'network calming' activities. This has included the delivery of training through our innovative network training centre. We also minimise the likelihood of mains bursts by replacing targeted sections or whole areas of poorly performing pipes. For 2023/24, our performance is on target in both areas, despite an increased focus from our leakage programme, with performance of 134.6 in South West Water and 124.8 in Bristol per 1,000km of mains respectively.

#### Unplanned outages

Water treatment unplanned outage provides a means of assessing reliability of our water treatment works. It tracks the temporary loss of production capacity across all water treatment works, resulting from unplanned breakdowns and asset failure.

South West Water has once again met its target for unplanned outage with a figure of 1.15% compared to the industry target of 2.34%. This means we have achieved this target in each year of the current regulatory period. This is founded on effective investment and maintenance regimes to ensure that unplanned failures are minimised. This in turn minimises the risk of any production outages resulting in service impacts for our customers.

For Bristol, outages at Purton Treatment Works, which commenced in the prior year, carried on into the early part of 2023/24. However, following resolution of the immediate issues, performance for the year achieved target with performance of 2.06% unplanned outages. A multi-year programme is ongoing to reduce future risks through the replacement of relevant assets.

#### Storm Overflows and Pollutions

2023 has seen some of the most tumultuous weather on record – particularly in the second half of the year. Across the South West Region, 2023 was the fifth wettest year on record, with a 34% increase in rainfall from 2022 and we experienced 50% more rainfall than the long-term average in the second half of the year, peaking at 130% in July. We have also experienced ten named storms back to back in the latter months of the year, along with 12 yellow weather warnings which has tested the resilience of our assets and operations. This exceptional weather continued into the early part of 2024 which has continued to place pressures on our wastewater infrastructure.

The impact of the extreme weather has varied across our operations, with the wetter weather supporting the recovery of our reservoir storage and water resources, but the increased rainfall and high groundwater levels has driven up the use of storm overflows which are used in wet weather as a 'release valve' on the network to avoid flooding to homes and businesses as well as increasing the number of pollution incidents in the year.

### Reducing flooding incidents

#### Sewer flooding

We understand how distressing sewer flooding can be and that how we react when these situations occur is a good indicator of the commitment of care to our customers.



In 2023/24, despite the wetter weather, we have again seen significant outperformance, with performance of 0.76 internal sewer flooding incidents per 10,000 connections against a target of 1.44. This is a slight increase in the metric from 2022/23, resulting from a small increase in the number of overloaded sewers following heavy rainfall. We have however outperformed this target in each of the four years of the regulatory period and are one of the best performers in the industry for this measure.

Despite the very high level of rainfall experienced in the winter the total number of external sewer flooding incidents has reduced by 13% compared to the prior year. Although we have missed the target for this metric (performance of 1,578 incidents with a target of 1,260), a clear focus on avoiding repeat flooding incidents with an increase of planned cleansing and routine jetting, is having a positive impact.

### Improving asset health

#### Sewer collapses and blockages

Targets for both sewer collapses and sewer blockages have been met for 2023/24, with performance of 13.67 collapses per 1,000km of sewer and 6,448 blockage incidents respectively. We are proud to report that 2023/24 was our best-ever performance on blockages. Proactive management of our network, including enhanced cleansing removing debris from sewers, an increase in the number of repairs as well as sewer overflow inspections being completed. In addition, a focus on improving compliance of commercial premises who dispose fat, oil and grease into our sewers, as well as other operational change initiatives, have all contributed to this achievement.

#### Targeting improvements in the Environmental Performance Assessment (EPA)

The EPA is the Environment Agency's assessment of environmental performance. The assessment covers a combination of measures, with an overall ranking out of four stars. Our provisional rating for the 2023 calendar year is again 2 stars, maintaining improvements from the previous year. However, following the extreme levels of rainfall and high number of storms over the winter of 2023/24, the full benefits of our Pollution Incident Reduction Plan (PIRP) have not yet been seen and we have a road map to achieve a 4 star EPA status in 2025.

#### Pollution incidents

Total wastewater pollution incidents (category 1-3) remains our most challenging area. 2023 saw a deterioration in performance following the winter weather in 2023/24, which was the fifth wettest on record with a significant increase in the number of storms and intense periods of rain.

The rain also led to exceptionally high groundwater, which also provides challenging operating conditions and tends to result in less time to respond to issues that arise at our treatment works pumping stations, as the issues escalate more rapidly.

Despite the overall increase in pollution incidents, serious pollution incidents (category 1 – 2) have remained stable. We know there is much more to do and we continue to target a step change in performance.

Our key initiatives to deliver continued improvements in pollutions performance include acceleration of additional telemetry on our sewer network (including 12,000 sewer level monitors and deployment of AI technology), continuation of our 'hotspot' investment programme at problematic locations and completion of a proactive rising mains replacement programme. Investment in power resilience and increased operational activities such as sewer cleansing and pumping station MOTs are all targeted in 2024.

#### Numeric compliance

Numeric permits place measurable conditions on the final effluent discharged to the environment and measure compliance with these conditions. Our performance of 96.2% was below the target for this year, following our best ever score of 99.4% in 2022/23. We experienced some challenges at individual sites over the summer of 2023/24, however we took immediate action to contain issues with activities including reedbed surveys and remediation, enhanced targeted maintenance and enhanced monitoring and review of Critical Asset Plans.

We have enhanced our action plans across our treatment works, including regular reviews with the Environment Agency taking place. We are focused on delivering our 2024 target, with no wastewater failures in the first four months of the year.

## Continued quality levels at our bathing waters

South West Water has over 860 miles of coastline to protect, representing over one-third of the UK's designated bathing waters. This is something we, and our customers, have always valued and prioritised. In the 2023 bathing water season, 100% of bathing waters (where South West Water has assets that can impact on bathing waters) achieved the stringent quality standards for the third year in a row.

We were pleased that the newly designated Plymouth Firestone Bay achieved excellent status. For the 2024 bathing water season, six further bathing waters in our region including four on the River Dart (Dittisham, Stoke Gabriel, Steamer Quay and Warfleet) will be included in the assessment. Tackling spills from storm overflows.

This extraordinary weather has triggered an increase in the use of storm overflows, operating to protect thousands of homes and businesses from flooding and higher spills have been recorded from new monitors (installed at the end of 2022) with 100% coverage of our overflows. This position has been seen across the industry and for South West Water we recorded an average of 43.4 spills, compared with 28.5 in 2022. On a like for like basis (taking account of the first full year of monitoring and the impacts of exceptional rainfall and higher groundwater) the number of spills is lower reflecting the c.80 interventions delivered in 2023 and these actions will continue to support reductions into 2024. We have already ramped up our plans with c.60 interventions already delivered by the end of March 2024 – including 20 additional storm storage schemes. We are seeing tangible benefits from our interventions which are focused on not only increasing storage but reducing the water entering our systems through groundwater infiltration and surface water separation. We continue to present our storm information through WaterFit Live launched in March 2023 to cover all our bathing beaches, we are in the final stages of rolling this out across our rivers which will give live updates on all our storm overflows. Furthermore, in March 2024, we were one of the nine water companies in England that published a National Storm Overflows Plan setting out how the sector will meet or exceed all Government targets – this is the most expansive programme for overflows in the world, and South West Water has submitted an ambitious plan which, if approved, meets the targeted spill reduction a decade earlier than required in 2040.

## Net Zero and Environmental Gains

### Net Zero

Lowering the carbon emissions from our operational activities and throughout our supply chain is the responsible thing to do and aligns with efforts being taken by businesses, institutions and customers across the region to tackle the climate crisis and increase our resilience to climate change. Our Net Zero 2030 plan is well underway, and we are making good progress, reducing our carbon footprint by c.45% to date against our 2020/21 baseline.

### Environmental Gains

A healthy environment is important for our region, and in the face of climate change, ecological decline and greater recreational use of rivers and seas. Nature and the environment is a priority for us, as we look to work with nature to provide sustainable solutions for the challenges we face.

Putting the journey to net zero and nature recovery at the heart of what we do, working with partners, means we can create climate resilient places and infrastructure.

### Catchment management and Upstream Thinking

Since 2010, we have been working with local delivery partners, farmers and landowners to deliver our award-winning Upstream Thinking programme. Today we have well established relationships with key delivery partners across the region including Cornwall Wildlife Trust, Devon Wildlife Trust, Natural England, Farming and Wildlife Advisory Group, South West Lakes Trust and Westcountry Rivers Trust. To date, this approach has improved the management of 127,000 hectares of land across 80% of our drinking water catchments, outperforming our target; this has been achieved through working with partners to deliver initiatives across the region including Exmoor, Dartmoor and Bodmin Moor. We have restored 1,550 hectares of peatland since 2020. Over 250,000 trees have been planted since 2020, meeting our 2025 target 1 year early.

The range of pollutants which the programme helps to remove from the water course includes farming-derived nutrients, pesticides, faecal coliforms, sediment, veterinary medicines and antibiotics. The benefits of this investment are reliable clean water supplies, better wastewater dilution and natural flood management.

### Nature recovery

Our sites include reservoirs, moorlands, major operational sites, former clay pits, estuaries, farmland and forests, and small urban sites with pumping stations and pipework. Many of our sites are already well-established havens for wildlife, with some designated as Special Areas of Conservation (SAC) and County Wildlife Sites (CWS).

We own and manage 1,251 hectares of Sites of Special Scientific Interest (SSSIs), of which 88.5% is in favourable condition and all but 9.5 hectares of the remainder is classed as in recovery.

We have proven experience of habitat restoration, including land adjacent to two former industrial mining quarries in Cornwall, Park Pit and Stannon. South West Water bought Park Pit and the surrounding industrial land on Bodmin Moor in 2007. At the time, ecologists described the area around Park Pit as a "moonscape of waste sand and mica". Fast forward to today, and the industrial wasteland has been transformed into a nature-rich heathland and reservoir.

We take our biodiversity responsibilities seriously – we have surveyed our land and ensured biodiversity enhancement plans to boost nature and to monitor and control the invasive non-native species are in place for all of our sites

## Addressing Affordability and Delivering for Customers

### Keeping bills affordable

Managing affordability starts with ensuring we deliver quality services efficiently, keeping bills as low as possible and minimising any bills rises. So its only right that we continue to be at the forefront of the sector when it comes to cost efficiency.

In all the areas we serve, average bill increases for 2023/24 and 2024/25 were below the headline rates of inflation.

Our current bill for South West Water is lower today than a decade ago, bolstered by initiatives such as WaterShare+ and our innovative tariffs and incentive schemes, which give customers lower bills for lower water usage.

We are pleased that our latest water efficiency tariff across Cornwall has been successful, leading to a 5% reduction in water use and a rebate on customer bills.

### Eradicating water poverty

In 2019 we made a pledge to eradicate water poverty and ensure everyone has an affordable bill by 2025, a full five years ahead of the industry target. This was set for South West Water and Bournemouth Water, with a similar target independently set by Bristol Water, to achieve 0% in water poverty. With households feeling the impacts of the cost-of-living crisis, we have extended our package of affordability measures, unlocking £100m of financial support for customers, and we are pleased that we are on track to achieve our industry leading commitments to eradicate water poverty by 2025. A commitment we have doubled down on in our Business Plan to 2030. 98% of South West Water and Bournemouth Water households have been independently assessed as having an affordable bill. This is up from 96.8% last year. 100% of Bristol Water customers receive an affordable bill. Over 132,000 unique customers have benefited from one or more of our affordability initiatives across South West Water, Bournemouth Water and Bristol Water to date.

We are focused on lifting a further 10,000 customers out of water poverty in the next year as we continue to evolve our affordability toolkit. This includes our innovative data model allowing us to identify and auto enrol customers who are within the group who are often the most vulnerable and hardest to reach onto social tariffs. We are also continue to work with local councils and debt partners to identify customers who may be in financial difficulty and may need support.

### Supporting vulnerable customers

Our priority services programme is underpinned by the following pillars:

- Providing easy ways to register for our Priority Services Register, so those who may need support reading their bills or meters can find the right help.
- Data sharing with key utility partners so customers who need extra support are added to our Register.
- Ensuring customers who have needs that rely on a constant supply of water have the right help if an incident occurs interrupting that supply.

### WaterShare+

We have a unique structure, through our WaterShare+ scheme, which gives customers the chance to either own a share in our business or receive a reduction in their water bills. To date, we have shared £38m with customers through shares or bill reductions, and 1 in 14 households in the South West are now shareholders. We are looking to increase this to 1 in 10 by 2030 so that more customers have a stake in our business.

# WaterFit



## Delivering for the environment

Our WaterFit programme targets significant investment to 2025 to further protect river and coastal water quality. Two years into our plan and we have been making great strides towards our 2025 targets and even outperformed some of these earlier than planned!

We want everyone in the South West to feel confident about the water at their favourite beach, or river. We want them to know we are serious about reducing pollution incidents, our impact on water quality and the use of storm overflows, which have become a striking symbol of unacceptable practices in the water industry.

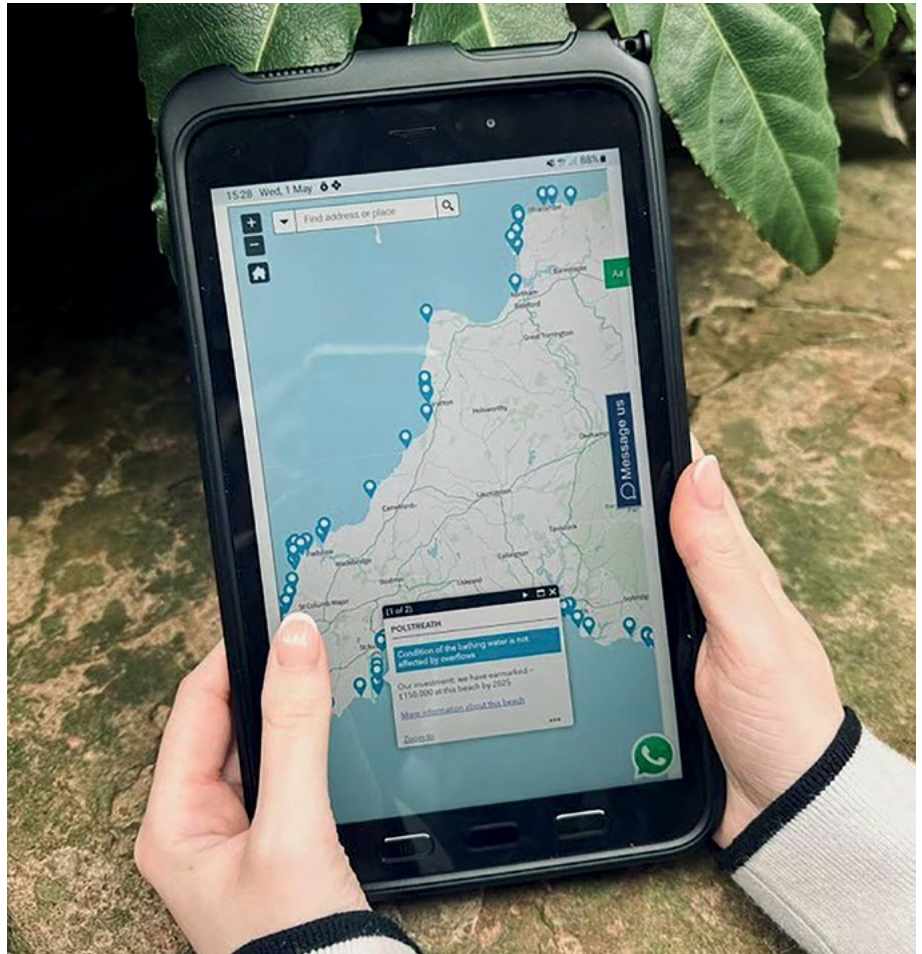
WaterFit is our three year programme to protect rivers and seas to 2025. But this is also part of a longer-term, multi-generational, plan. We are working in partnership and our plans are going further and faster to allow customers to feel confident in the water at their favourite beach, river or lake. We know that it is critical to get this right.

We have made significant progress to date. But there is still more to do and our ambitions and commitments do not end in 2025. We will work in partnership with those that have a shared vision and are delivering shared outcomes. We have mobilised our supply chain and we specifically recognise that we need to improve our capability to deliver green and blue solutions. We have built on the success of our Upstream Thinking catchment management programme and are engaging partners with extensive experience in these types of solutions.

Alongside the delivery of WaterFit, we have continued to develop our future plans. In October 2023 we submitted our Business Plan for 2025-30 to Ofwat. The plan includes our priorities for the next 25 years. We engaged with more than 250,000 customers to inform the strategic priorities for to reflect the views of households, visitors, retailers and housing developers. Our 2025-2030 business plan is a plan building on the momentum we have today, and which goes further in tackling the biggest challenges in our region, as we invest to protect water quality and resilience, tackle storm overflows at our beaches, eradicate pollutions and protect the environment from climate change.

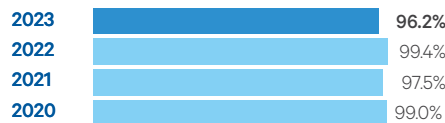
By 2030, we will have tackled all storm overflows at our bathing beaches, shellfish waters and high-spilling sites given the importance of tourism to our region. We will be implementing our "Green First" approach to investment, working with nature to improve drainage and reduce storm overflows. We will be expanding our catchment management programme, planting 300,000 trees and transforming sludge treatment processes to protect rivers.

As part of our WaterFit programme up to 2025 and our business plan to 2030 and beyond, we'll continue to work with others to develop our approaches and to deliver sustainable solutions to deliver long-term benefits for all.



## 96.2%

### Compliance



## 43

### Storm overflows



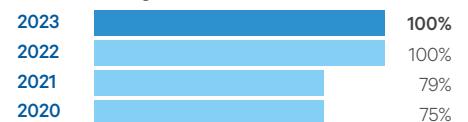
## 194

### Pollutions\*



## 100%

### EDM monitoring



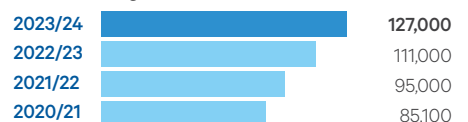
## 100%

### Bathing quality



## 127,000

### Catchment mgt



\* EA EPA Measures.





**Our strategic plans**

**Our 2025 commitments**

**Our progress – Two years on**

**Nurturing healthy rivers and seas**

- We will:**
- Reduce our impact on rivers by one third
  - Reduce spills from storm overflows to an average of 20 per year
  - Maintain our excellent bathing water quality standards, all year round
  - Deliver zero serious pollutions year-on-year reductions

- We have invested in a number of schemes to improve the quality of our rivers and seas. We focused on improving 49 of 151 beaches through our WaterFit programme
- To tackle pollution incidents, we accelerated the additional telemetry on our sewer network (including c.12k sewer level monitors and deployment of AI technology) and completed a proactive rising mains replacement programme
- There were c.80 interventions delivered in 2023 to address storm overflow spills and these actions will continue to support reductions into 2024

**Putting nature on everyone's doorstep**

- We will:**
- Make bathing water accessible, less than an hour's drive, for our residents and visitors
  - Provide access to our 40 inland lakes and reservoirs
  - Achieve the region's first bathing quality river, using lessons from our current pilots on the rivers Dart and Tavy

- We continue to progress rivers into bathing waters, with our River Dart and Tavy pilot studies complete allowing communities to successfully seek designation on four stretches of river
- We provide access to our 40 inland lakes and reservoirs, so that local communities can continue enjoying them for health and recreation – used by two million visitors a year
- 100% of beaches met environmental standards, making bathing water accessible to all – with less than an hour's drive for 100% of our residents and visitors

**Creating and restoring habitats**

- We will:**
- Stop pollutants from 120,000 hectares of regional farmland getting into rivers and seas
  - Plant a quarter of a million trees

- To date, our 'Upstream Thinking' programme has improved the management of 127,000 hectares of land across 80% of our drinking water catchments, outperforming our target
- Over 250,000 trees have been planted since 2020 and we have reached our target, one year ahead of schedule

**Inspiring our local champions**

- We will:**
- Donate 25% of our Community Fund to local groups that share our passion for river and sea health
  - Launch our WaterFit Warriors programme
  - Share progress with our customers through our unique WaterShare+ scheme at quarterly public meetings and our annual customer AGM

- We donated to 18 charities within the environmental field, which represents 33% of our overall spend.
- WaterFit warriors - We have taught in over 100 schools just this year, engaging with over 4,000 students (in addition to over 4,000 students we engaged with the previous year)
- We have continued to provide regular updates on our environmental performance to our WaterShare+ Advisory Panel - and will share our annual WaterFit update at the customer AGM in July

**Creating a sustainable future**

- We will:**
- Work collaboratively on the building of new developments in our region to help us manage our network
  - Back the ban on non-flushable or plastic-containing wet wipes to help prevent blockages
  - Work with our 10 million visitors and 2.3 million customer

- Our recent engagement has focussed on environmental destination, the 25-year environment plan and catchment and nature-based solutions. These events are looking at multiple drivers and have started our thinking about how we can deliver solutions with our stakeholders at a catchment level
- Supporting the call for a ban on non flushables – support by the Governments announcement in April 2024
- Over the last year we introduced a campaign focused on keeping our network free of blockages and helping stop excess water getting in to the system

**Putting people in control**

- We will:**
- Work with partners to provide water quality information for residents and visitors
  - Help people understand river health, by sharing real-time river water quality information, just as we do for our bathing waters, by 2023
  - Provide 100% monitor coverage at our treatment works and on our storm overflows, by 2023

- We launched WaterFit Live in March 2023 . We know 75% of customers use the WaterFit Live site before visiting a beach
- WaterFit Live is evolving to share the near-real-time status of all 1,600 overflows including rivers and is supported by face-to-face roadshows in coastal communities to respond to customer concerns
- We have installed monitors on 100% of our storm overflows. We can now monitor and act on activity across hundreds of storm overflows across our region

# | Open data

From population growth to extreme weather events and ageing infrastructure, the challenges are many. One theme which continuously emerges across initiatives: innovation within the water industry is constrained by the breadth, depth and quality of existing data.

## Background

In October 2021 Ofwat published guidance for 'H2 Open – Open data in the water industry' asking water companies to demonstrate progress against each of the following as part of a holistic approach:

- a strong data culture and the development of capability and skills
- improved collaboration on open data across the industry
- established data infrastructure

## Why is it important?

Open Data is critically important in the water sector and for us. It helps to improve resource management, sustainability, and innovation in water resources.

This provides opportunities and flexibility to deliver excellent customer service and improve customer outcomes and innovation

## Our developing strategy

Since 2021, South West Water has been developing its Open Data Strategy, which looks to achieve these four key steps:

- 1** Further develop our Open Data Strategy, including defining success criteria, enablers and high-level roadmap. We will publicise our strategic direction for Open Data.
- 2** Finalise work to date, publicise and focus on the quick wins, including alignment with WaterFit Live and other similar initiatives (Pilots) and identifying opportunities within the current operational processes.
- 3** Embedding Open Data capabilities across business functions by designing the Operational Model to achieve Open Data, explore how to enhance our Data Strategy and identify pilot projects for Open Data to test our develop a deeper understanding of the benefits building on our roadmap to realise these over the long term.
- 4** Building technical foundations e.g., phase 3 of WaterFit Live includes a real-time replication of our telemetry data, making significant investment in Customer Experience platform over the next 2 years to support real-time billing, service information and personalisation.

We are nearing finalisation of our own Open Data strategy, identifying our four key enablers (Data, Process, People & Technology) along with understanding the opportunities and challenges this poses. By understanding these opportunities, we can ensure we shape our vision and strategic direction for Open Data within our organisation that helps us realise our outcomes.

## Stream

Recognising this challenge, in 2020 Northumbrian Water commissioned Sia Partners (a consultancy with expertise in defining Open Data frameworks in the Defense sector). The ongoing initiative came to be known as 'Stream' – a term that reflects the seamless convergence of data and water.

South West Water has been a collaborator for Stream since early 2021, to build an Open Data platform for the water industry.

Our activities to support Stream today have included successfully preparing and submitting submissions to the Ofwat Innovation Fund for phase 1 and 2, creation of a blueprint for the design and execution of an Open Data platform, design of an Minimum Viable Product (MVP) and four sample data sets, use case identification for the procurement process.

Over the coming 12 months we will continue to engage with Stream and to develop our Open Data strategy, working with our customers, stakeholders, regulators, and peers to identify datasets to build trust through collaboration, innovation, and engagement.

## Stream.

[www.streamwaterdata.co.uk](http://www.streamwaterdata.co.uk)

## Other Open Data projects we're engaging in

### National Underground Asset Register (NUAR)

Accidental utility strikes cost the UK economy an estimated £2.4 billion a year. Once operational, NUAR is expected to deliver around £350 million per year in benefits by avoiding accidental asset strikes, improving the efficiency of works and enabling better data sharing.

The Geospatial Commission is building a digital map of underground assets that will revolutionise construction and development in the UK – the National Underground Asset Register.

We are engaged with national programme and are preparing our data to be added to the portal when requested.

### Priority Services Data Sharing

Safe and secure sharing of data across utilities reduces this burden and offers the opportunity for companies to offer seamless priority support.

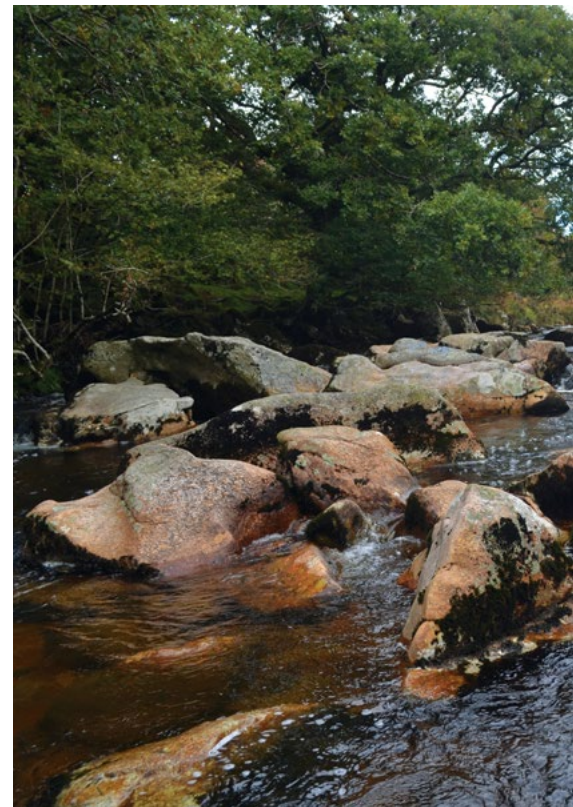
On the 1 April 2023, we joined other members of the water and energy industries and launched a two-way data sharing arrangement with the two principal energy network operators. This is an important first step in achieving the Ofwat vision of joined up vulnerability data across the water and energy sectors and beyond.

£ **£2.4bn**

Estimated costs per year to the UK economy from Accidental utility strikes cost

£ **£350m**

What the NUAR is expected to deliver per year, once operational



## Open Data and the APR

### How will our APR inform future data releases?

As an active participant in the Stream sector initiative our Annual Performance Reports (APR) tables will also be published on the Stream portal, and we are expecting to use the statistics from the usage of our data and metrics to gain insights data usage. Providing the user feedback loop should enable us to collaborate better with the user community. By analysing user engagement and feedback captured in the APR, we hope to tailor future dataset releases better to meet user needs, drive innovation, and support informed decision-making.

### Working with the industry

We are an active member of Stream and will contribute to being an active member. This enables us to take part in workshops to facilitate discussion on priority datasets and also enables better collaboration in moving forward with the Open Data Roadmap.

### Rationale for the approach taken

Data is at the heart of our planning and is critical in achieving key targets and challenges. Robust data and analytics are required to deliver our biggest challenge of reducing pollution incidents. Our 2025-30 business plan also includes investment in opening our data to consumers and communities, so they can hold us to account.

We are an active member of the Ofwat innovation funded STREAM Open Data Programme and contribute to the workstreams. The Stream initiative on Open Data is championing a unified and collaborative approach across the industry. This method is crucial for engaging customers effectively. Open Data brings transparency to company and industry performance, making it easy to understand and interpret.



## Open data characteristics adopted and why did we choose them?

APR Open Data characteristics adopted	Why did we choose them?
<b>Machine readable format</b>	Submitting our APR tables in both Excel and CSV files enables better use of our data. Excel is a common application and is widely used to help data analysts analyse the data in an easily accessible way. The presentation is kept as standard that is provided by Ofwat which helps users compare data easily as they are the same format.  We also decided to convert our Excel files into CSV formats using the tool provided by Stream. This makes the files a machine readable. This enables the data to be more ingestible and provides ways to combine multiple water company data to be combined and analysed to drive better insights for the public and research companies looking to use this data.
<b>Metadata</b>	Metadata is crucial in a published dataset because it provides essential context, making it understandable and usable. It describes the dataset's contents, ensuring reliability and facilitating accurate interpretation. We decided it was important to include Metadata to enhance discoverability through searchability for the end users. Metadata also provides standardisation, which will aid in data integration and interoperability with other APR tables. Without the metadata, the APR tables will be as useful for the end users as they are with metadata.
<b>Open License</b>	We have decided to use License: CC BY 4.0". By adding an open data licence type with the link to further details on the condition allows the users of the data to understand the conditions/ restrictions if any that needs to be followed. This allows the users to download and use the data legally and the licence has been embedded into the csv files, as so it is available with the downloads.
<b>Feedback mechanism for data users</b>	We have decided to include contact details for the datasets as this enables user feedback. This helps in understanding data usability and relevance. Our main driving factor is to facilitate user engagement and trust, creating a collaborative community that values transparency.

## What is the future for Open Data for South West Water

We are developing our own Open Data Strategy along with taking part in Stream and Open Data Institute's (ODI) Open Data Strategy for the Water Sector. We will follow our principles outlined below for how we will create and make our data open in the future.

Principle	Description
<b>Accessible</b>	Our open data, licensed under CC BY 4.0, will be free for public use, sharing, reuse and redistribution where appropriate.
<b>Protected where required</b>	Data will not be released, or only partially released, according to data protection act.
<b>Discoverable</b>	Data should be readily discoverable through high-quality metadata, ensuring easy access and understanding.
<b>Usable</b>	Data should be released in machine-readable formats that facilitate effortless access, use, transformation, and reuse.
<b>Well managed</b>	Data must be managed and maintained to ensure trustworthiness and authority.
<b>Documented</b>	Comprehensive documentation outlining data format, meaning, quality, and context should be readily included.

# WaterFit Live

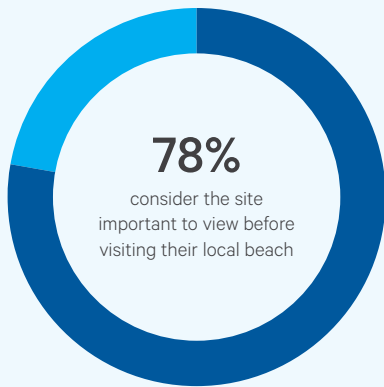
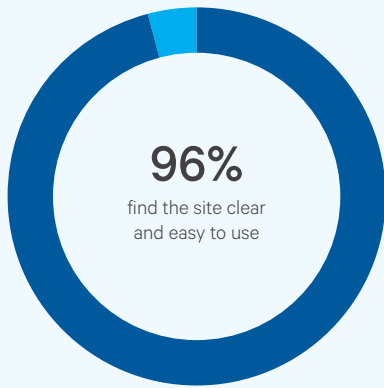


In March 2023, we launched WaterFit Live, an interactive digital map which shares with customers the status of their local bathing waters and whether there is any impact from a storm overflow. WaterFit Live is another milestone in our progress to protect the environment by reducing storm overflows, enhancing monitoring, and providing clear and transparent reporting for our customers.

[Find out more about WaterFit live:](https://www.southwestwater.co.uk/environment/waterfit/waterfitlive/)  
www.southwestwater.co.uk/environment/waterfit/waterfitlive/

## WaterFit Live – putting people in control

Positive feedback – greater transparency welcomed by stakeholders

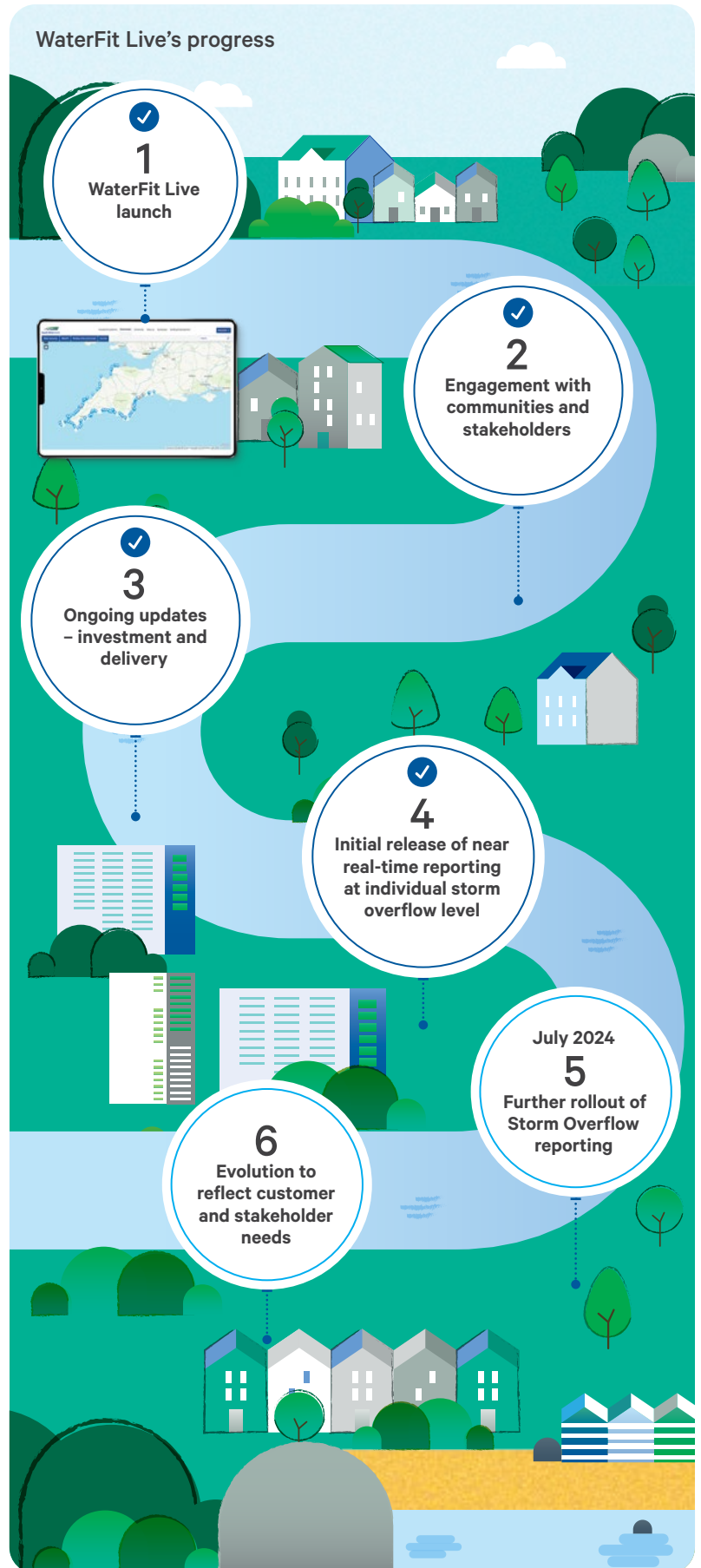


### WaterFit Live delivers:

- ✔ Context and information related to our network
- ✔ Historical and current wastewater performance
- ✔ What we're doing to make a difference – including investments we have committed to improve water quality
- ✔ Ways in which customers and community groups can get involved

### Next phase

Recently launched – providing increased transparency, adding near real-time storm overflow data





# Net zero

## Our promise to the planet

South West Water and Bristol Water's Promise to the Planet, published in 2021, sets out our plans to reduce our operational greenhouse gas emissions by 2030.

Since then we have made significant progress in reducing our emissions. In 2022/23 we had reduced our operational emissions within South West Water's and Bristol Water's Net Zero Commitment boundary by c.40% compared to baseline 2020/21 emissions and in 2023/24 we have continued on our trajectory towards reducing emissions, with a reduction of c.45% compared to our 2020/21 baseline emissions.

Our Net Zero and Energy Committee provides the Governance for overseeing our transition to net zero, helping to drive business change through our three pillars of greenhouse gas reduction and removal activity, 'Sustainable Living', 'Championing Renewables' and 'Reversing Carbon Emissions'. In the table below we have set out some of the key activities we have been progressing during 2023/24 towards meeting our net zero and greenhouse gas reduction commitments.



Pillar	Our three-pillar strategy remains unchanged	Progress against our three-pillar strategy
<b>1. Sustainable living</b>	<ul style="list-style-type: none"> <li>Reducing emissions through changes to operational practices, increasing energy efficiency, and switching to lower carbon fuel sources</li> <li>Meeting our commitments to reduce leaks and help customers to use less water – protecting the environment and saving carbon</li> </ul>	<ul style="list-style-type: none"> <li>Switching away from Fossil Fuels – In 2023/24 our wastewater back-up generators have been switched from using diesel fossil-fuel to using lower carbon HVO (Hydrotreated Vegetable Oil) made from waste oil</li> <li>Energy Efficiency – We are continuing with our programme of pump efficiency testing, pump repair and replacement. We have installed two new pumps at our Roadford Dam site, one low lift pump at Restormel water treatment works in Cornwall as well as one at Longham water treatment works in our Bournemouth region. We have proactively developed a new plan to refurbish our activated sludge processes on our wastewater treatment works as well as plans to replace some of our largest air compressors providing air to those processes</li> <li>We have also conducted site-based energy audits on our Bristol Water sites as part of compliance with Phase 3 of the Government's Energy Savings Opportunities Scheme (ESOS)</li> <li>Process &amp; Fugitive Emissions – We have embarked on a nitrous oxide (N<sub>2</sub>O) emissions monitoring trial at our Countess Wear (Exeter) wastewater treatment works, as well as a separate trial to measure fugitive emissions of methane (CH<sub>4</sub>) emissions at the same site</li> <li>Transport – Our transition to electric vehicles continues with over 50 electric vehicles now on our fleet of vans and cars. Whilst the most of our transport fleet is still petrol or diesel fuelled, we plan to gradually transition to a 100% electric vehicle fleet during the next decade</li> </ul>
<b>2. Championing renewables</b>	<ul style="list-style-type: none"> <li>Maximising self-generation from renewables at our sites across the South West – working with partnerships and utilising our expertise</li> <li>Where we cannot generate enough electricity to meet all our needs ourselves, 100% of what we purchase will be from renewable sources.</li> </ul>	<ul style="list-style-type: none"> <li>Embedded Solar PV – Four new Solar PV projects have been progressed in 2023/24, Hill Barton, Fluxton, Lords Meadow (Crediton) wastewater treatment works, and St Cleer water treatment works. Are plans for a further large-scale Solar PV development at our Mayflower water treatment works near Plymouth has also been granted planning approval this year</li> <li>Investing in Solar PV Outside of our Region – Elsewhere, our Pennon Power business is progressing with developing large-scale Solar PV schemes outside of our region, these schemes will provide a major step forward towards our ambitions to meet our 50% target for Pennon Group renewable energy self-generation by 2030</li> <li>Wind Private Wire – During 2023/24 we connected to an existing 500kW wind turbine near our Roadford Dam works, taking all the electricity generation from the wind turbine into our works through a private wire</li> </ul>
<b>3. Reversing carbon emissions</b>	<ul style="list-style-type: none"> <li>Reversing carbon emissions from our core activities</li> <li>Working in partnership to ensure our core activities reverse carbon emissions through solutions such as peatland restoration</li> <li>Supporting the development of innovative solutions to develop low carbon footprint processes through research and development</li> </ul>	<ul style="list-style-type: none"> <li>Our catchment management programmes include improved soil management, wetlands creation, buffer strips, tree planting and other nature-based solutions. We have pioneered a collaborative partnership approach to peatland restoration across the region, continuing to develop best practice and build capacity to scale up into the future. Over time these interventions store more carbon in the landscape</li> <li>In 2023-24 we have planted 80,327 trees to exceed our annual target of 50,000 trees and restored 493 hectares of peatland towards a total of 1,558 hectares restored so far throughout the current regulatory period. Once completed our peatland restoration programme planned for AMP7 is expected to sequester around 650,000 tCO<sub>2</sub>e over the next 50 years. Meanwhile the 253,000 trees now planted are expected to store an estimated 17,700 tCO<sub>2</sub>e during the next 30 years</li> <li>Looking forward, South West is developing an ambitious programme of nature-based solutions for the PR24 Business Plan submission (2025-2030) to include investigating how WaterFit can support the improvement and opportunity for carbon sequestration in estuarine and marine environments</li> </ul>



Net Zero target	2023/24 Performance	2023/24 Target	2025 Target	2030 Target
<b>% Energy usage from renewable generation</b>	7.5%	8%	13%	50%
<b>Reducing GHG emissions (%)*</b>	71.9%*	68%	70%	100%

\* Scope 2 emissions within our Net Zero Commitment boundary for operational greenhouse gas emissions.

### Science Based Targets

During 2023/24 we also progressed our commitment to Science Based Targets through the Science Based Targets Initiative (SBTi). As the Pennon Group we are currently undergoing 'target validation' with the SBTi for our proposed near-term greenhouse gas emissions targets, out to 2033. These targets include a Scope 1 and 2 target, a Scope 3 target for engagement with our value chain and a further target for all other Scope 3 emissions including wastes, business travel and employee commuting. As well as this we have set ourselves a further ambition with the SBTi to source 100% of our Group's electricity needs from renewables by 2030.

### GHG Emissions Performance

Helping to reduce our emissions is our own generation of renewable energy and as a percentage of our total energy usage our renewable energy increased to 7.5% in 2023/24. Although we narrowly missed achieving our 8% target for 2023/24 due to some technical constraints in deploying as much new renewable generation schemes as we would have liked to, we have been able to add to our growing portfolio of renewables with four new Solar PV schemes and a private wire connection to an existing wind turbine.

Emissions within the Net Zero Commitment boundary for our South West Water and Bristol Water regulated businesses have reduced from 130,050 tCO<sub>2</sub>e in 2020/21 to 71,342 tCO<sub>2</sub>e in 2023/24

Our Scope 2 emissions have reduced from 91,330 tCO<sub>2</sub>e in 2020/21 to 25,662 tCO<sub>2</sub>e in 2023/24

Full details of our 2023/24 GHG emissions are provided in the [Pennon Annual Report on page 71](#).

### Energy Purchase

We continue to purchase 100% zero carbon renewable-electricity from our electricity supplier for our South West Water and Bournemouth Water sites. Although we took the decision to delay the purchase of renewable electricity for our Bristol Water sites until 2025/26, choosing instead to concentrate on directly improving energy efficiency within our Bristol Water activities in preparation for achieving compliance with Phase 3 of the Government's ESOS (Energy Savings Opportunities Scheme) in 2024.

### Energy Efficiency

Our energy efficiency interventions during 2023/24 are estimated to have avoided around c.6.5 GWh of additional energy use, or around 1.4% of our total energy consumption (excluding transport).

We have taken further steps this year to focus on testing, repairing or replacing our largest rotating operational assets. These actions were prioritised based on the resilience offered to sites, as well as for optimising our energy consumption.

We have been modernising our rotating assets, including the deployment of more efficient aeration equipment in the form of new air compressors, and we have also embarked on a programme of optimising our Ultra-Violet treatment infrastructure, including making sure the calibration of the equipment controlling it is carefully set up.

### Renewable energy

A key pillar of our Net Zero strategy, we are targeting 50% of our net energy use from renewable sources by 2030.

This year we have added to our portfolio of renewable energy assets with new solar PV installations either constructed or under construction at our Hill Barton, Fluxton and Lords Meadow (Crediton) wastewater treatment works and at our St Cleer water treatment works. We also connected a 500kW third-party wind turbine into our Roadford Dam pumping works through a private wire, this is expected to contribute c.15% of the site's energy demand.

Output from our existing hydropower assets benefitted from a year of increased rainfall although the majority of our increase in renewable energy generation as a whole is as a result of our new installations and our enhanced programme of renewable energy optimisation and maintenance.

### Fuel Switching

This year we switched from using diesel fossil-fuel to using Hydrotreated Vegetable Oil (HVO) for all our wastewater back-up generators. HVO is made from waste vegetable oil and results in much lower emissions compared to the standard diesel fuel we were previously using. We now aim to switch to using HVO for back-up generation at our water treatment works.

### Process and Fugitive Emissions

In 2023/24 we began trials to monitor direct onsite emissions of nitrous oxide (N<sub>2</sub>O), a potent greenhouse as, from our wastewater treatment works. We have taken an innovative approach to monitoring these emissions and, although we are still in the early 'proof of concept' stage of the monitoring work, early indications have shown some encouraging results that support our aims to develop our approach into a full-scale programme of monitoring and emissions reductions activity.

We have also begun monitoring emissions of methane (CH<sub>4</sub>) from our wastewater treatment works using the latest lidar technology to detect fugitive leaks of methane. As with our nitrous oxide monitoring programme we also plan scale up our methane monitoring across all our sites using anaerobic digestion to treat biosources.

### Transport

Our first batch of EV commercial vehicles delivered have to date contributed almost 300,000 fleet miles. We have installed electric vehicle charging points across our main sites to service the growing number of EV's in our fleet. Our EV fleet also benefits from using 100% renewable electricity when they charge up using our own electric vehicle chargers on our South West Water sites.

### Whole Life Carbon

Not only are we reducing emissions from our operational activities we are also reducing emissions from our value chain, from the products we buy and from the services we outsource to third-party contractors.

To help us understand the carbon impact of new assets and select solutions that benefit the environment in multiple ways, including lower greenhouse gas emissions, we have developed a 'Whole Life Carbon' assessment tool. We share our assessment tool with our design teams and construction partners, helping to improve knowledge of the likely environmental impacts of construction projects at the design and development stage. This is aimed to assist with the decision-making process, encouraging the use of lower carbon materials, products and design solutions that result in emissions benefits over the whole life of our planned assets.

### Transition Plan

Through our established strategies, plans and policies, we are preparing for a changing climate and lower carbon economy. Our annual TCFD response in the [South West Water annual report on page 78](#) sets out further details of this in accordance with the TCFD recommendations. This identifies one of our key transition risks as rising energy costs. Through our planned investment in renewable energy alongside our dynamic hedging strategy we are managing this risk. We are aware of the work of the newly established Transition Plan Taskforce (CTPT) to develop a 'gold standard' framework for transition plans. We are considering the TPT's guidance and will look to publish our Group Transition Plan in due course.



1. Net Zero Plan scope includes Scope 1 & 2 (market based) and the following Scope 3 activities: outsourced activities, power transmission & distribution, business travel, grey fleet (private vehicles used on company business).

# Innovation

We continue to make progress against our innovation strategy by advancing new innovations through all four of our routes to innovation: 1. CREWW; 2. Ofwat Innovation Fund; 3. Internally delivered ideation and development; and 4. Externally funded R&D.

A route to innovation is selected depending on the type of innovation, its stage in development (often referred to as technology readiness) and the level/ scale of collaboration needed to realise the full potential of an idea:

**CREWW** is used for leading pivotal interdisciplinary research towards the discovery of solutions that will make a difference to people's lives and protect the future of water systems in the South West of England and beyond.

The **Ofwat Innovation Fund** is best utilised where the sharing of data, knowledge and experience between water companies, partners and the supply chain, can accelerate the delivery of transformational innovation.

**Internal ideation and development** ensures we continue to encourage, engage and enfranchise our own staff (and external partners) to develop new ideas that are aligned to our strategic priorities.

**Externally funded R&D** utilises long-standing relationships, often outside of the UK, to deliver against wide reaching innovation projects which are suited to unlocking EU research grants. These EU funded projects have potential to be high impact and disruptive in nature but they tend to have scale-up potential that is too risky for private investors, or for SBB to pursue under our other routes to innovation above.

Examples from all routes to innovation are provided.

## Internal ideation and development

These innovations principally originate from within SBB, specifically from the operational teams that live and breathe the day-to-day and around-the-clock trials of running a first-rate water utility. Our expert people are applying their firsthand experience of managing events and incidents that occur in the network - asset failures and other indirect and third-party activities that impact on water quality and quantity - conceiving new ways of working and products. They innovate through experience, with the ambition of making things happen more safely, faster and reducing service impact to our customers. Some examples include:

## Water Production and Network Training & Testing Centre

SBB operates a cutting-edge water production and testing facility at Pynes Water Treatment Works. Designed to be a leader in the industry, this facility serves as a hub for innovation, training, and testing. It replicates various real world hydraulic conditions found in water distribution networks, encompassing both low and high pressure scenarios. By simulating diverse hydraulic and pneumatic inputs, the facility demonstrates their impact on water quality and quantity. This realistic environment allows for the training of field techniques under challenging conditions within a controlled classroom setting.

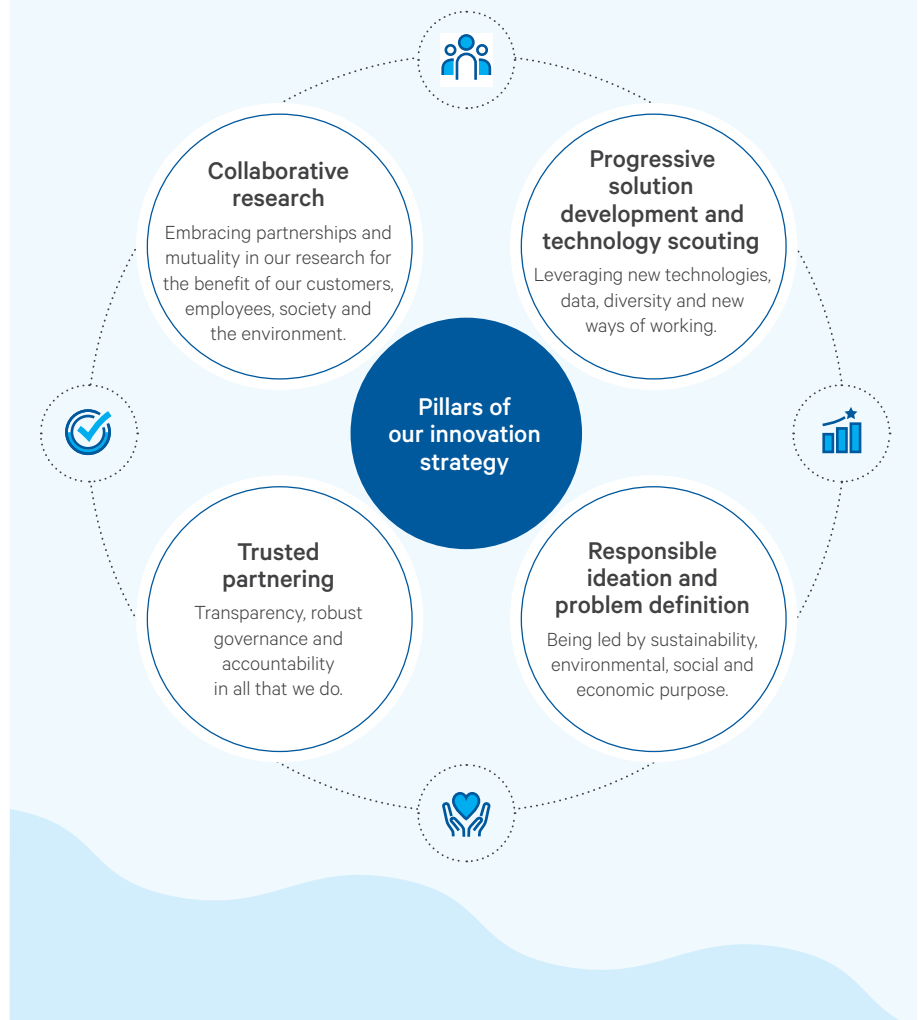
Several product innovations in development have been utilising the facility including a fully viable product now available to the national and international water industry markets.

## Through Bore Hydrant Meter

SBB have conceived and supported the testing of a innovative flow and pressure monitoring unit. The Through Bore Hydrant Meter is a device that achieves high levels of accuracy at water flow and pressure monitoring via a groundbreaking method of inserting into a live water main. In the past 12 months, Flow meters and Through Bore Hydrants have now been combined into one unit which mitigates the requirement to construct traditional underground manhole chambers. Excavation and construction work around water mains are disruptive, expensive and carry a significant carbon footprint. This also supports the company's plans to improve its collection of flow data in the network. The reduction in installation cost will enable far greater coverage of new metering and a cost of as little as four to one compared to traditional flow metering installations. This innovative method of measuring water flows and pressure aligns to SBB's ambition of achieving zero supply interruptions in the future.

## Our innovation strategy

We need to be resilient to the changes happening around us and meet the demands asked of us by our customers and Government. To do this, we need to not only continuously improve our processes and the quality of our services, but actively seek new solutions with long-reaching and cross-cutting benefits, for example, innovations that deliver a step-change in reducing carbon emissions, delivering environmental improvements, secure a resilient service and, where possible, lowering our costs.





**Isolation of in-pipe water flows** Currently under co-development and testing at our Exeter facility we are working with a UK manufacturer to develop a system that will enable the isolation of in pipe-water flows using our Through Bore Hydrant which will prevent the use of additional valves. This could potentially halve the scale of some supply interruption events by being able to more quickly isolate water supplies. Phase two of this innovation will enable leak isolation whilst maintaining in-pipe flows. This functionality is a stepped improvement in network operation with efficient, cost-effective service improvements at the centre of the innovation.

**Longitudinal Pipe Failures** SBB is working to develop a system for a more expedient and immediate solution to the restoration of water supplies following a pipe failure. Longitudinal failures are impossible to repair without full isolation – therefore interrupting customer supplies. Our new system and methodology of enabling a temporary repair to longitudinally failed pipes, will enable a faster restoration of water supplies.

### Microplastics Laboratory

A dedicated Microplastics Laboratory has been built into the CREWW facility and is a space reserved solely for microplastics research. The laboratory features state of the art equipment, which will enable CREWW to undertake innovative research and analysis. The lab will first deliver four projects:

- Mapping of microplastics in WWTW inputs and outputs and life cycle analysis.
- Characterisation of microplastics in sludge – treatment options, methodologies and best practice.
- Exploring thresholds of microplastics for application of sludge to soil ecosystems.
- Interventions/impacts – to reduce source contamination, economic, physical and behavioural.

In addition to these projects, the laboratory will provide CREWW with the capability to undertake additional future research into microplastics.

### Groundwater Infiltration Risk Mapping for the Sewer Network

This project aims to generate a risk map of a pilot catchment (the Lower Otter, Devon) and will identify the areas most prone to groundwater infiltration. By cross-referencing this new model with existing data sets, it is envisaged that we will be able to proactively target the areas most prone to infiltration. The project is due to complete in autumn 2024.

In addition to progressing these live projects, our subject matter experts are working alongside the University of Exeter's academics to develop a pipeline of projects. They include the following:

### Characterisation of CSO & SWO discharges

This innovative project will first seek to define the scale of the issue of Storm Overflows and Surface Water Outfalls (SWO) through a pilot study that will monitor, sites within a test catchment to fully understand the makeup and impact from both CSOs and SWO, focusing on that which makes it into the environment.

### Developing Analysis Methods for PFAS and Emerging Contaminants

This project will develop efficient, repeatable, and accredited methods for analysing PFAS in clean water, wastewater and solids, including sewage sludge.

### Lead Pipe Identification

This project will redesign SBB's existing 'Lead Model' used to identify the presence of lead within the distribution network. The updated model will be dynamic and include machine learning and data science techniques to continually evolve and as new data becomes available. The model will be used to maximise value of the lead replacement programme throughout AMP8.

### Externally funded - EU Funded Projects

Over the last 10 years South West Water has been involved in four large EU funded research projects where we have been collaborating with other water utilities (outside of the UK) and various partners in academia, industry and from other utility sectors all across the EU.

These projects have delivered against a variety of challenges from advancing internet based services for customers using smart metering data (Fiware4Water <https://www.fiware4water.eu>) – to researching new ways of more sustainably balancing the nexus between water, energy, land, food and climate (Sim4nexus <https://sim4nexus.eu>).

Our latest project in deployment is **Waterverse**.

Waterverse is an EU funded project aimed at developing a Water Data Management Ecosystem (WDME) which will make data management in the water sector open and accessible. SBB's contribution to the project is through the development and testing of this ecosystem for storm overflows. Although in early stages of development, we envisage the WDME will enable us to better inform customers on the role of CSOs and the reasons for spills, as well as real time data on the nature and potential impact of spills.

### Ofwat Innovation Fund

The Ofwat Innovation Fund is a £200m AMP7 fund designed to accelerate innovation in the water sector and it is now in its fourth year. We are currently partnering on 15 Ofwat funded projects including two projects where we are the lead Partner.

### Flexible Local Water Supply Schemes Pilot

This project developed a pilot scheme for bringing smaller water resources on stream, within a commercially viable framework. The project aims to secure treatment and supply of smaller water sources within a viable commercial framework. The project is enabling the treatment and supply of new water sources, through distribution networks, to supply business customers. Based on a potential pilot project at Didcot, we are working with Binnies, RWE, Castle Water and the University of the West of England to test how this theoretical water market can become a reality.

**Water Net Gain** is an Ofwat funded project led by South West Water and Westcountry Rivers Trust and was awarded £1 million in funding from the third Ofwat Innovation Fund Water Breakthrough Challenge.

The project is a catchment-scale approach whereby farmers are paid to store water on their land. Restoring natural sponges, like healthy soils, woodlands and wetlands, can passively contribute water to summer base flows, by the creation of additional, remotely monitored, smart ponds and lakes, which can be used to actively release flows during droughts. We are working in partnership with the Environment Agency, Saputo Dairy UK and Duchy College and will initially work with farmers in the Tamar and Fowey catchments.

### CREWW

CREWW, is a 25-year research partnership between South West Water and the University of Exeter (UoE). It builds on many years of collaboration between the two organisations including our catchment management programme, Upstream Thinking (first pioneered in 2006) which has acted as a beacon of change which others in the water sector have followed.

CREWW is bringing together subject matter experts from SBB and UoE, under one roof, who will combine their knowledge and expertise to undertake innovative research into some of the most pressing challenges facing both the business and the water industry. The outcomes will help inform our operations and enable us to better deliver for our customers, the region and the environment.

Officially opened in March 2024, the new dedicated, operationally net zero research facility is underpinned by a £21 million capital and research investment by South West Water. It is the only water sector partnership to receive support from the UK Research Partnership Investment Fund (UKRPIF), as well as being the largest RPIF-sponsored project in the South West.

CREWW has already begun working on projects including the creation of a state-of-the-art laboratory which will tackle the scourge of microplastics in our environment. The project represents an investment of £1.4 million from South West Water and will initially develop our understanding of the presence of microplastics in sewage sludge to inform our wastewater operations. In the long-term, the ambition is to provide guidance and support to any stakeholders involved in sewage operations, their management or monitoring, as well as regulators. The project team at CREWW is headed up by an internationally renowned scientist in the field of microplastics. Tamara and her team work alongside wastewater experts from across South West Water.



# Investing in our people



As one of the largest employers in the region, with over 3,200 colleagues, we have a responsibility and duty to make a positive societal contribution. Our goal is to be the Employer of Choice across our region through promoting social mobility, prioritising Diversity and Inclusion by addressing racial and gender inequality. We provide safe, secure and meaningful employment where all employees are paid fairly for the work they do and where trust is high. We want to show that it is a dynamic and exciting time to be working in the water industry.

Over the past 10 years our region has seen significant population growth. It's been estimated that more people moved to the South West during and following the pandemic than had been anticipated by 2050. This increase in population has an impact on many different areas of society, including employment, housing and opportunities for young people.

With a double coastline and dispersed population, many coastal towns around the South West suffer from high rates of poverty, unemployment and health risk factors, together with poor housing and public service provision, poor public transport and communication connections.

All this goes to show that whilst the greater South West region has traditionally had a reputation as a well-off area, in reality the picture is far more complex. This places an even greater responsibility on Pennon, as the largest private sector employer in the region, and given the wider supply chain we support.

Our Reward Strategy continues to evolve each year, noting the feedback we receive from colleagues ensuring it aligns to our People Strategy and our new Group Values. The key focus for this year has been on supporting colleagues during the cost-of-living crisis. Prioritising those colleagues that need it most and bringing forward the employee bonus payments to help those in most need.

At South West Water we take our social stewardship role seriously, whether that's through driving our environmental improvements or growing the number of jobs we support. Our exciting business plans submitted to our regulators this year plan to create 2,000 new jobs as part of a wider £2.8 billion investment plan across the Greater South West – a doubling of investment from the first half of this decade. Our business plan fosters our new Values and aims to have a positive impact on customers, communities, colleagues and the environment.

Our approach to Human Capital seeks to go further; supporting Community Investment and social mobility across the Greater South West by creating education and employment opportunities across our region; ensuring we pay our employees a fair wage for doing a fair day's work and therefore be well placed to be able to make a wider societal contribution; and delivering our Diversity and Inclusion strategy by prioritising diversity of thought, gender and ethnicity to promote social mobility and opportunity for all.

This is all part of a wider strategy to be the employer of choice in the region, and in creating a Great Place to Work.

## Our new Values

South West Water has evolved in recent years, with the acquisition of Bristol Water. This created an appropriate opportunity to evaluate and refresh the corporate values that had been in place for some years, resulting in a new set of values that more properly reflect who the Company is today and represent our people at their best.

Corporate values are guiding concepts that shape our culture, behaviour, and decision-making processes.

They help colleagues match their actions and behaviours with the company's overarching mission and objectives, giving a framework for how colleagues should engage with one another, with customers, and with other stakeholders. This will help strengthen South West Water's collective values, offer everyone with a set of authentic and emotive guiding principles, provide clear direction for supporting behaviours, and distinguish us from the rest of the industry.

It was critical to develop a set of values that not only reflect today's business and teams, but are also more than just words on a poster. We intended to develop a set of values that are distinctively South West Water, are interwoven into daily actions, and are consistently demonstrated by our teams across the Company.

The new values were developed after intensive involvement and listening sessions with the Board, the larger leadership group, colleague representative groups such as the employee forum, and comprehensive colleague listening groups. Our values also incorporate the views of our customers collated during our biggest ever customer listening exercise conducted during PR24.

### The new values are:



#### Be you

We want you to bring your best every day. Be open and inclusive, work together and win as one team. Let your passion inspire those around you. Be authentic, make your mark and be you.



#### Be rock solid

We want you to be the one we all look up to. Be trusted. Act with integrity and make good on your promises. Build trust, one relationship at a time. Be rock solid.



#### Be the future

We encourage you to be curious and challenge convention. Share ideas with confidence and purpose, and help share our future. Embrace change. Drive progress. Own the challenge. Be the future.

Our new values acknowledge a significant shift in how we seek to deliver our strategic priorities across the Company and are intended to serve as a unifying thread across all areas of the Company. The goal is to distinguish ourselves from all other water firms and environmental infrastructure businesses. The new values will differentiate how we carry out our plans.

## Immersing the organisation

A complete Values launch programme has been established to ensure that the values are followed as guiding principles by all colleagues. This began in January 2024 and will continue through 2025.

To properly embed the values, we need behavioural change accompanied by a new structure for recruitment, induction, performance management, and reward. Setting the tone from the top is also important in ensuring that these principles are reflected across the company.

To ensure a successful launch and embedding of the new values, as well as to accelerate our cultural transformation, the strategy includes the development of a behavioural framework and training, both in workshop format for leaders and e-learning for all colleagues. This supporting training component will ensure that all colleagues understand what the values mean and how their actions at work affect performance. Senior executives will participate in face-to-face workshops as part of a series of leadership sessions held throughout the year.

An internal communication campaign will also continue for several months through all business areas, informing colleagues about what each of the values implies, how they can bring these to life, and where they will see the values interwoven into daily company operations.

Across the Company we have developed a coherent approach to leadership, culture, talent, and skills development which will not only help us unlock the full potential in our business, ensuring we are match fit today, but also in anticipation of future challenges.

Ensuring our people are at the heart of all these key areas of focus will mean we continue to successfully deliver for all our customers and stakeholders which rely on us. Our people are our greatest asset. We are proud of the values we live by in all that we do and we have been delighted in how our employees have risen to the challenges we have faced throughout the last year and in going above and beyond to deliver for our business and our customers.

We continue to work to develop strong relationships with our employees and Trade Union Partners, ensuring we are engaging with these important stakeholders in our business in all aspects of our People Strategy.

As a purpose-led organisation, South West Water has strong values and ethics which are important barometers in fostering the culture and beliefs that we require to be successful. One of the key reasons why we use the Great Place to Work to survey our employees is that it is one of the few providers that seeks to measure values and ethics. These are notoriously difficult areas to measure as they are impacted by individual's personal values and ethics. See page 48 on how the Board monitors culture.



### Great place to work

To enhance our Great Place To Work (GPTW) Colleague Survey, we have introduced pulse surveys during the year to give colleagues additional opportunities to provide structured feedback during the year. The pulse surveys provide a regular stream of feedback in addition to the full survey which we conduct annually. We are delighted to be recognised as a Great Place To Work and continue to work hard to keep engaging and supporting our employees to enable them to be able to bring their best to work and to ensure we are creating the best work environment and supporting them appropriately.

### Speak Up

Our Speak Up whistleblowing policy continued to operate throughout the year, providing another engagement channel. Speak Up helps to create an open, transparent and safe working environment, where employees feel able to speak up and are supported if they do so. Read more on Speak Up on page 49 in the Corporate Governance report.

Additionally, all employees are invited to pose questions or comments to our senior leaders through our new 'open door' communication channels. This new approach brings together several employee communication channels and encourages employees and senior leaders to keep connecting more.

### Enhancing our employee communications

Each year, we review and seek to enhance our employee communications and engagement channels.

Our regular Big Chat video calls with our CEO and the executive team continue to be very well supported by employees, with strong engagement. Items discussed largely focus on the topical business issues of the time plus key employee highlights. We have also broadened the group of speakers, involving colleagues from all areas and levels across the company.

Our Time to Talk sessions focus on a broad range of topics and are supported by many external specialist speakers and facilitators. Topics discussed include mental health, the cost-of-living crisis, financial wellbeing, apprenticeships and business-specific initiatives including nature and catchment management.

Our internal communications tool and discussion platform, Viva Engage, is growing in popularity and is now used regularly by over 2,000 Group employees.

For our remote teams working tirelessly around the clock, we host regular breakfast meetings supported by our senior leaders. These have proved to be helpful in promoting more effective two-way communication with front-line operational teams.

WaterWorks is the name given to the monthly performance measures dashboard, which helps employees keep updated on how we are delivering for our customers, communities and the environment. It's important that all our employees are regularly updated on these critical measures regardless of which part of the Group they work for.

### Our graduate programme

After launching our new graduate programme in 2021 and setting a long-term commitment to recruit 100 graduates, we have doubled this commitment to now support 200 new graduates on a structured two-year development programme by 2030.

Since the launch, the graduate programme has recruited 85 talented graduates, with 55% being female and over half being ethnically diverse or international graduates. Attracting larger numbers of female and ethnically diverse employees has been a core part of our People Strategy. We are delighted our graduate programme is helping deliver this outcome whilst providing high-quality career opportunities for all these individuals.

### Apprenticeships

We are delighted that one of our apprentices, Meg Ginsberg, was awarded a Special Recognition Award at the National Apprenticeship Awards for being an outstanding apprentice and ambassador. Meg is a Project Management Apprentice in our Engineering Department. Despite being a wheelchair user, nothing holds Meg back and she thrives in this role, leading by example and promoting apprenticeship and women in engineering at every opportunity.

We have a long-standing commitment to apprenticeships. After doubling our commitment and target for apprenticeships where we now pledge within our Group to support 1,000 roles by 2030, we are delighted to report we are ahead of schedule and have welcomed 470 since 2020. Attracting and developing the next generation of talented employees is vital in building resilience in our workforce and ensuring we can deliver the essential services our customers and communities deserve.

### Leadership development

We continue to invest in our leaders and, utilising our 'Best of the Best' mindset following our integration with Bristol Water, we have rolled out two leadership programmes across the business, LEAD Aspire and LEAD Programme.

LEAD Aspire is a four-day programme for employees who have been recognised as being a leader of the future and are working towards this as part of their personal development plan. The programme allows them to develop their leadership mindsets and approaches, explore leadership theories, models and best practices, and learning that you don't need a title to be a leader. The four-day programme also has senior leaders from across the business sharing their thoughts on leadership, providing great insight into their personal experiences of leadership and how it has shaped them.

Our LEAD Programme is for our current manager and leadership population to help them hone their leadership skills, working across a six-month programme on leadership mindset, such as personal impact and purpose-led leadership and skills areas such as coaching and mentoring, inclusive leadership, and building high-performing teams.

Throughout 2023/24, we delivered 20,000 training days, ensuring that on average each employee received 50 hours of training – 7 days.

### Diversity, equality and inclusion

As one of the largest employers in the Greater South West, we have a responsibility to promote social mobility, address inequality and drive inclusivity across our region.

We continue to champion diversity and promote an inclusive workplace. We have published our Gender Pay Gap report for the last six years and are now pleased that this incorporates our Ethnicity Pay Gap report. These can both be found on our website:

[www.pennon-group.co.uk](http://www.pennon-group.co.uk)

It is important to be open and transparent about the gender and ethnic diversity of our employees and this report is a key tool for us to do that, whilst also allowing us to share the measures we have taken and will be taking to continue to create a more diverse workforce across all roles and levels within the organisation.

We understand that fostering an inclusive workplace is imperative for both attracting and retaining talent within our organisation. As one of the largest employers in the region, we have a duty to contribute positively within our communities, providing a work environment that promotes social mobility, celebrates and drives diversity and inclusion and ensures an equitable and psychologically safe space for all our employees.

In the latest edition of the FTSE Women Leaders Report, our parent company Pennon once again solidified our standing as a trailblazer for female representation, claiming the bronze position for best performers in the Women on Boards category within the entire FTSE 250. The report, independently conducted and backed by the government, is a ringing endorsement of Pennon's relentless efforts to lead the charge in fostering equality and inclusivity, with Pennon one of the rare FTSE-listed entities where women on the board outnumber their male counterparts.

We are pleased with the recent progress made but know there is more to do in increasing the diversity of our workforce during the coming year.



## I Investing in our people continued

### Prioritising health and wellbeing

Our wellbeing strategy is a core area in our People Strategy to ensure our people know that we care about them. It is estimated that in any given week, one in six people of working age experiences a common mental health problem like stress, depression or anxiety. Most of us will understand, from personal experiences or friends and family, the huge personal cost that this can bring.

Separately, data from Champion Health, our online wellbeing platform provider, supports the outcomes from the Great Place to Work survey. 93% of employees who completed the health assessment were motivated to change, with their three key areas being improving energy levels, reducing stress and improving mental wellbeing.

Our wellbeing strategy focuses on the following four main areas:

#### Mental

Taking care of our minds, coping effectively with life and creating satisfying relationships

#### Physical

Taking care of our bodies, acknowledging the importance of activity, nutrition and sleep

#### Financial

Taking care of our financial wellbeing, being in control of our financial future

#### Community

Encompassing the major external and internal factors such as social health

### HomeSafe – our flagship health and safety programme

HomeSafe, the Group's flagship health and safety programme HomeSafe has targeted three specific areas this year, building on the foundations delivered last year to drive continued improvements in all health and safety activities. This focus has seen the Group's Lost Time Injury Frequency Rate (employees and agency, excluding contractors) almost halve in the year, and furthermore seen a 75% reduction in actual lost working days, delivering an additional 450 productive days back into the business.

The three areas we focused on:

- Visible Safety Leadership
- Driving a culture of accountability throughout the organisation
- Using analytics to target interventions on the key areas at the right time to drive down harm, particularly in manual handling and slips, trips and falls

These focus areas were supported through the core elements within the HomeSafe strategy, building our internal competence, elevating our Site Pride initiative across all areas, strengthening the health and safety team, achieving ISO45001 accreditation, and implementing a process safety framework.

The Lost Time Injury Frequency Rate (LTIFR) for employees and agency staff continues to be the Group's primary measure of health and safety performance. Following reductions year on year for the last three years for the Group, this year we delivered a 49% reduction in actual Lost Time Injury (LTI) numbers, with 15 LTIs in the year compared to 28 last year, and an LTIFR of 0.30 compared to 0.59 last year.

While the number of incidents reduced, we also significantly reduced the severity and impact of these incidents, through a focus on rapid intervention, treatment and support to the individual involved, delivering a 75% reduction in the actual number of days lost due to injury.

This means we delivered an extra 450 productive days back into the business through improved safety performance.

We continue to broaden the reach of HomeSafe to everyone working for or on our behalf, and this was in evidence at a joint event between our Bristol Water Operations team and Network Plus who provide water networks expertise within Bristol, bringing to life HomeSafe across the broader supply chain.

While we have delivered year-on-year improvements, we continue to recognise that HomeSafe is not a project to be completed. It continues to be the way we work and deliver all our performance commitments. Our roadmap to HomeSafe 2025 has provided the framework to deliver improved health and safety performance across the Group.

Over the year we will evolve our strategy, plans and approach to look ahead to HomeSafe 2030, building on the strong successful elements of HomeSafe while aligning our strategy to the new Group values, ensuring we support our people to be the best version of themselves and that everyone goes HomeSafe every day.

### Recruitment

We continue to develop our careers website to leverage our employer value proposition and the creative campaign that sits alongside this, #JustAddWater. We have forged new partnerships with third parties to enhance and drive our work in the recruitment space to support our ED&I agenda. In June 2023 we celebrated signing the Armed Forces Covenant and also signed up to be a Disability Confident Employer at 'Committed' status during the year.

We regularly review our approach to monitoring diversity and inclusion with a specific focus on job applications. We use a software gender decoder tool which allows us to check all our job adverts for masculine bias to reduce the potential risk of alienating female applicants. We ensure that our brand imaginary represents both the communities we serve and our workforce, which encourages more diverse candidates to apply. We are pleased that we are seeing significant increases in the number of applications we are receiving from ethnically diverse applicants and women into what is still a male-dominated industry. Last year, 30% of job applicants were female and similarly 30% were ethnically diverse. We offer additional support to our new employees on our graduate programme and the 10,000 Black Interns programme as we recognise many of them move to the region to start in these new positions.

### Employee Led Inclusion

Our Employee Network Groups continue to play a significant role in raising awareness and driving change. Areas of focus for these groups include raising awareness around challenges that under-represented groups face, which has included educating employees on LGBTQ+ topics and experiences, including a session led by a transgender speaker, celebrating different cultures and customs through in-person events, sessions on racism and allyship, promoting understanding of neurodiversity, developing a webinar on sexism and misogyny and creating an ED&I awareness session, which is delivered to all new starters to the business.

Our two new network groups this year, brought about through employee feedback, are the Veterans Network and the Neurodiverse Network. All of our groups have members sat on the overall ED&I Steering Group to ensure collaboration across the whole ED&I agenda and drives communication between the groups.

We have also introduced flexible bank holidays, as we recognise that half of the UK bank holidays are linked to the Christian calendar, but many of our employees do not follow the Christian faith. The scheme enables colleagues to swap traditional bank holidays based on their religious or cultural beliefs, or personal need.

### Progression

One of our key challenges has been enabling a diverse workforce at all levels through internal progression. The REACH (Racial, Ethnic and Cultural Heritage) Network and Women's Network have both been key drivers in looking at how we can better support them with career progression across the organisation.

This year we launched our Women's Mentoring Programme, which supports women whether they are seeking professional guidance, building their network, or navigating their working environment and some of the challenges it entails. In January, we launched our Reciprocal Mentoring pilot, which paired eight members of the REACH Network with eight members of our executive and senior leadership team, with the goal being for individuals to share their lived experiences and encourage actionable behaviours from those involved.

We have also partnered with the Inclusive Village to design a REACH development programme. The programme is designed to support the career ambitions of those who may experience career disadvantage or inequalities due to their racial identity, whilst also enabling Pennon to foster the realisation of our commitment to the Change the Race Ratio campaign. This programme will cover a range of career-enabling topics identified by research as most pertinent in supporting ethnic minorities in the workplace, including; leveraging line manager and ally relationships, impact and influence, and developing a credible professional/personal brand.

We will continue to work with these groups in relation to career progression opportunities, to understand the challenges they face, and how as an organisation we can address these.

### Change the Race Ratio initiative

Back in 2020, Pennon and South West Water pledged its support to the Change the Race Ratio initiative, a campaign to increase racial and ethnic participation in the senior leadership of companies, as a route to encouraging more diversity at all levels and was the first water company to do so. During the last year, our pledge and ongoing commitment continued to help shape our business activities and decisions.

### 10,000 Black Interns initiative

We are pleased to be a proud supporter and sponsoring business of the 10,000 Black Interns initiative. Over the last two years we have supported 10 placements and are set to support at least 15 for this coming year.

Following successful completion of their internships, most students returned to university to complete their degrees. We are pleased that so far, four of our interns have already secured permanent position on our graduate programme.

This important scheme not only offers Black students an opportunity to understand our business but also to improve the levels of ethnic diversity across our industry.

**Diversity awareness and training**

We have continued our programme of unconscious bias training and have rolled this out to the majority of our senior leadership and hiring managers during the year. We have held ‘lived experience’ group sessions to understand what it is like to work at Pennon for employees from minority groups. The outputs have been shared with our Diversity Committee to understand these perspectives and consider appropriate actions when issues are raised.

**Our gender and ethnicity pay gap**

In recent years, the composition of South West Water has evolved with the acquisition of Bournemouth Water and more recently Bristol Water and the inclusion of these employees into the growing company. This is the second year we have included Bristol Water in the our results. South West Water mean gender pay gap has increased slightly in the last year from 5.36% to 6.72%, but sits lower than the national average of 14.3%. Our median gender pay gap has seen a decrease from over 11% to 9.1%, indicative of a shift in the representation of women, notable within the upper quartiles, where we have seen an uplift from 19.1% to 23.6% in female representation, which reflects our efforts to enhance female representation at leadership levels.

Since 2022, we have voluntarily produced and published our ethnicity pay gap, which stands at 11% a significant reduction from 17.7% last year. We know that there is still more for us to do in this area, including increasing the employee self-disclosure diversity rates across the Company and continuing to attract more ethnically diverse candidates at all levels across the Group.

Furthermore, by offering dedicated support to new employees through the graduate programme and supporting the 10,000 Black Interns Programme, we have been able to attract more ethnically diverse applicants. As many of these applicants are recruited and progress their careers, we anticipate them having a further positive impact on our ethnicity pay gap.

A full report breakdown and an update on our performance and plans, can be found on our website.

**Social mobility**

We continue to be a proud signatory of the Social Mobility Pledge and have set further commitments across the Group during this year to strengthen our resolve to deliver for our customers and communities and support the drive to address social injustice. To this end we have become a tier 1 funder of the registered charity Social Mobility Business Partnership and launched work experience clusters in Exeter and Bristol with Plymouth, Truro and St Austell to follow later this year. During the FY23/24 year we have doubled our commitment to apprentice and graduate recruitment and set new targets to support 1,000 apprentices and 200 graduates on structured programmes by 2030.

We have set a new commitment and target to offer 5,000 work placements for young people by 2030, significantly growing our previous work in this area. We believe this initiative is vitally important in helping young people understand our Company and the water industry, and supporting them in their early careers.

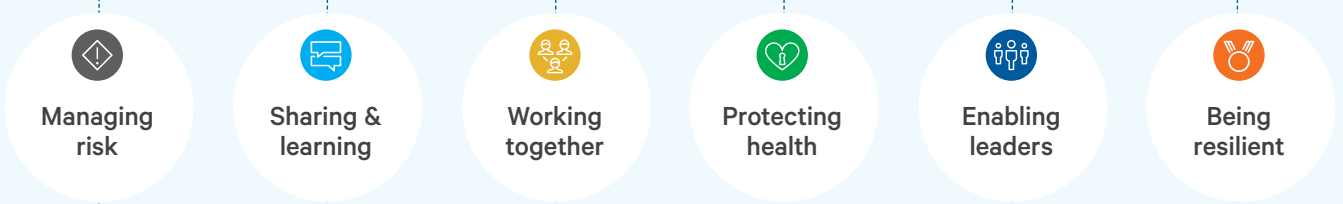
**Slave-Free Alliance membership**

South West Water and Pennon has maintained its membership of the Slave-Free Alliance, which is part of Hope for Justice, the global anti-slavery charity. Our membership demonstrates our commitment to the highest employment standards for both our direct employees and those within our supply chain. Our Modern Slavery Report is published annually and can be found on our website [www.pennon-group.co.uk](http://www.pennon-group.co.uk).

**Human rights**

We are fully supportive of the principles set out in the UN Declaration of Human Rights, and the Group ethics policy outlines the high standards of employment practice with which all employees are expected to comply. The Group also supports the International Labour Organisation’s core conventions for the protection and safety of employees wherever they may work throughout the Group. These standards are also embedded in our sustainable supply chain and documented in our procurement policy and Code of Conduct for supply chain partners.

**Our flagship health and safety programme**



**Our HomeSafe roadmap to 2025**

We’re implementing effective assurance programmes and getting up to speed with the ISO 45001 managing standards.

Improving health and safety at Pennon depends upon all of us building our skills and understanding to better protect ourselves and each other.

Collaborating effectively means we’ll bring everyone with us on our safety journey, including our contractors. Our HomeSafe Network will keep everyone engaged with this vital work.

We’re introducing a range of measures to support everyone. This will reduce absences from work and enable everyone to perform at their best.

Leaders have a central role to play in keeping everyone safe and well, so we’re providing extra focus to boost their skills.

To keep everyone safe, we need robust business continuity plans. And everyone needs to take a lead in ensuring the security of our sites.

# Financial review

Overall, our financial performance for 2023/24 is in line with our expectations.

The second half of 2023/24 experienced some of the highest levels of rainfall seen in recent times and this contributed to higher wastewater treatment costs. Despite this upward pressure on costs, we have managed to keep our regulated costs broadly flat year on year. While borrowing levels and base rate have risen, leading to an increase in our effective interest rate to 5.3% (2022/23: 4.3%), the inflationary impact on finance costs are stabilising, in part through the £300 million RPI swaps that were put in place in 2022/23. Tariff increases have recovered previous inflationary cost increases.

Enhancement spend has been pulled forward from year five to year four by c.£80 million due to our investment in water resources and network monitoring. This expenditure is delivering new water treatment works in Bournemouth, a desalination plant in Cornwall, additional reservoirs to improve resilience to drought, and enhanced network monitoring including acoustic loggers and sewer level monitors. Base expenditure has increased by c.£80 million because of spend to mitigate the impact of the weather on our assets, and the expansion of our Quality First programme across the regions. The exceptional weather we have experienced over the year has also resulted in spend to minimise pollutions and spills and to drive targeted reductions in leakage. We expect 50% (£40 million) of the increase to be recovered in our RCV in the regulatory period of 2025-30.

## Statutory financial performance

Since 1 February 2023, the trade and significant majority of assets and liabilities of Bristol Water plc have been transferred to South West Water Limited under the statutory transfer mechanism set out in the Water Industry Act. The Bristol Water brand will continue as a trading name of South West Water. The figure from the statutory accounts included in the regulatory financial reporting tables and as described below, are taken from the management accounts that underpinned the audited financial statements, to provide separate annualised analysis for SWB and BRL.

### Responsible approach to Tax

We are pleased to confirm that the Company has once again maintained the Fair Tax Mark accreditation for the year. This is the sixth year in succession that the Company has been awarded the accreditation and we are proud of our responsible approach to tax.

### Revenue

South West Water's statutory revenue for 2023/24 was £731.3 million compared with £566.4 million in 2022/23. The increase in revenue includes the additional 10 months of Bristol Water that are not included in the prior year comparison. Last year's revenue included non-underlying reductions of £21.2 million in respect of the second issuance under WaterShare+ (£13.6 million) and our 'Stop The Drop' demand reduction incentive (£7.6 million). Underlying revenue of £731.3 million for 2023/24 has increased by 24.5% compared with the prior period (2022/23: £587.6 million).

### Sustainable net debt position

The Company's cash flow from operating activities for 2023/24 was £261.9 million (2022/23: £271.5 million). Cash collections have remained robust and we continue to monitor cash collections closely and are focused on providing a broad range of affordability measures to support those in need. The reduction in operating cashflow reflects the cyclical impact of the working capital cycle alongside the cash impact of our Watershare+ and Stop the Drop bill credits which were recognised in H2 2022/23.

Net interest payments were £102.3 million (2022/23: £138.6 million).

Capital expenditure has resulted in an increase in capital investment cash outflows of £255.1 million to £540.6 million (2022/23: £285.5 million).

The Company's net debt at 31 March 2024 was £3,369.3 million (31 March 2023: £3,091.3 million).

### Agile and efficient financing

Total net finance costs of £155.0 million compared to £111.0 million in 2022/23. The non-cash element of our finance charges, which accretes to the debt principal, was c.£56 million (2022/23: c.£70 million).

Overall, our efficient funding mix and hedging strategy has resulted in an effective interest rate of 5.3% (2022/23: 4.3%) for South West Water. The Company continues to efficiently secure funding for South West Water through its Sustainable Financing Framework and to ensure c.60% of its interest rate risk is mitigated in line with the Group treasury policy, which is achieved through issuing both fixed rate debt and effective interest rate hedging, with a further element being index-linked.

### Financing Portfolio - strategic positioning

As at 31st March 2024, the Company has £321 million of cash and committed facilities. This consists of cash and cash deposits of £26 million (including £26 million of restricted funds representing deposits with lessors against future lease obligations) and £295 million of undrawn committed facilities. A further £150 million has been raised since March 2024, providing the Company with an excess of c.£470 million of available liquidity, providing enough funding to support its obligations for at least the next 18 months.

Since 31st March 2023, the Company has secured c.£475 million of new debt, through its diverse portfolio of debt, consisting of:

- £325 million in private placements with an average maturity of 13 years
- £150 million of new term loans and leasing with an average maturity of 8 years

In addition, further pre-funding of £150 million has been secured.

The issuance of private placements signals the move to more benchmark sized transactions in both the private placement and public bond markets, as the capital expenditure and ongoing refinancing continues. Our most recent private placements were at least 4.5 times oversubscribed, showing continued support for the Company.

This will see South West Water obtain two strong investment grade credit ratings during 2024 and it plans to establish a Euro Medium Term Note (EMTN) programme to facilitate further public issuances and maintain our diverse financing portfolio.

We look to raise all new and renewed facilities under our Sustainable Financing Framework where possible with 82% achieved in 2023/24. The company took steps during the previous financial year to re-balance the proportion of index-linked debt to align with previously maintained levels for the longer-term.

Resulting from the changes above and drawing of new debt during the year, South West Water gross debt at 31st March 2024 was £3,395 million (31st March 2023: £3,137 million). The debt has a maturity of up to 33 years with a weighted average maturity of 14 years.

South West Water net debt at 31st March 2024 is a mix of fixed / swapped (£2,221 million, 66%), floating (£696 million, 21%) and index-linked borrowings (£452 million, 13%), which reflects our diverse debt portfolio and compares to an industry average of fixed / swapped 40%, floating 7% and index-linked 53%. New debt raised during this regulatory period has been fixed to align to iBoxx indices in line with Ofwat's approach to the allowed cost of debt. Where appropriate, derivatives are used to hedge on floating rate debt.

South West Water's cost of finance, with an effective interest rate in 2023/24 of 5.3%, continues to benefit from its diverse portfolio of debt.

### Pensions

At 31 March 2024, the surplus on retirement obligations of £10.8 million compares to a surplus of £17.5 million at 31 March 2023 on the principal pension scheme, Pennon Group Pension Scheme (PGPS).

The small reduction in the surplus in 2023/24 of £6.7 million reflects:

- £7.5 million net reduction in surplus of Group's principal pension scheme, Pennon Group Pension Scheme (PGPS), recognised in other comprehensive income, reflecting adverse experience losses on deferred revaluation and pension increases offset by favourable movements in gains in demographic assumptions.



The triennial valuation of PGPS as at 31st March 2022 was finalised in March 2023 and no deficit recovery contributions were required. The ongoing funding requirements for the Company to the scheme are limited to the continuing administration expenses.

**Dividends and retained earnings**

The statutory profit attributable to ordinary shareholders of £2.5 million has been transferred to reserves.

The Company has established a dividend policy which includes the following components:

- a sustainable level of base dividend growth, determined by several factors including the shareholder’s investment and the cost of capital
- a further level of growth funded by efficiency outperformance
- comparison with the assumptions made by Ofwat in setting prices for the regulatory period.

Dividend payments are designed to ensure that key financial ratios are not prejudiced, whilst also taking into account balance sheet considerations. With this in mind, the dividend policy also state that the total dividend payment will not exceed the retained underlying profit in any year, except as a result of a special dividend or balance sheet restructuring, or where there is a significant non-underlying non-cash impact (such as deferred tax).

South West water has delivered sustainable shareholder value and through, and through our responsible dividend policy, c.£500m of shareholder value has been retained in the water company, supporting shareholder investment in resilience and storm overflows.

Payments are designed to ensure that the ability of the Appointee to finance its Appointed Business is not impaired. Dividends of £nil were paid to the parent undertaking (2022/23: £12.3 million). The dividend has been restricted in line with the dividend policy, however the Board also reflected on the appropriate level of the dividend to align with the PR24 business plan and in accordance with the balance sheet restructuring provisions that reflect the changes to the business that have taken place following the statutory licence transfer of the Bristol Water business into South West Water in February 2023. A dividend of £45.0 million was approved by the Board and a liability has been recognised as a transaction with owners during the year ended 31 March 2024. This is to be deferred and paid in 2024/25.

**Financial highlights**

**£541m**

Delivering on our largest ever investment programme

**5.3%**

Effective interest rate

**68.29%**

Group gearing

**(2.53%)**

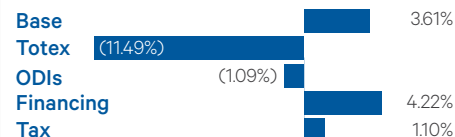
Group RoRE

**Ofwat RoRE**

In year

**(3.65%)**

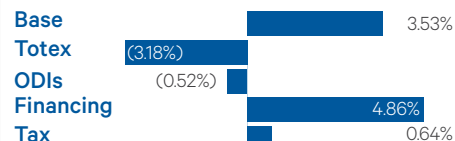
SWB – Total



**Cumulative**

**5.33%**

SWB – Total



In year

**4.43%**

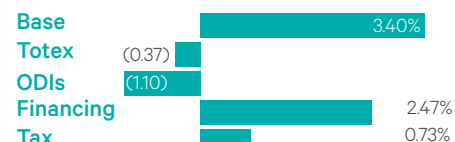
BRL – Total



**Cumulative**

**5.14%**

BRL – Total



# Chair's letter on governance



The Board reaffirms its commitment to maintaining effective corporate governance and integrity that enables us to deliver for the long-term benefit of all our stakeholders.

I am very pleased to introduce, on behalf of the Board, the South West Water Annual Performance Report for 2023/24, which sets out our governance practices and processes, and how we applied the principles of the 2019 Ofwat board leadership, transparency and governance principles throughout the year. The report covers our key focus areas and achievements during 2023/24 and explains how the Board continues to operate effectively and efficiently and to support South West Water's strategy.

## Review of the year

We continue to operate to the highest standards of corporate governance. Strong governance remains central to the successful management of the Company, providing the framework we need to deliver our strategy, fulfil our purpose, create value for all our stakeholders and continuously develop our business.

The content page 0 will help you to navigate our reporting and evaluate our performance against the Ofwat principles. As we explain below, we also have processes and procedures in place to safeguard the independence of our decision-making by the Board within the Pennon Group context.

Throughout 2023/24 the Board remained focussed on achieving our strategic priorities South West Water recognises as key to delivering for our customers and communities.

In addition to the above, in October 2023, the Board approved the Company's PR24 plans to double its investment to £2.8 billion from 2025-30 across four key areas - water quality and resilience; tackling storm overflows and pollutions; delivering for customers and addressing affordability; reaching net zero and enhancing environmental gains. More information on the Board's activities can be found on page 37 information on our PR24 framework can be found in our [Pennon annual report on pages 19 to 20](#).

## Changes to the Board

There were a number of changes to the Board during the year. As previously announced, Neil Cooper stepped down from the Board in September 2023 as Senior Independent Director and we were very pleased to appoint Iain Evans as his successor. Iain has served on the Board since 2020. He brings a wealth of experience in the water industry and is well equipped for this new role. On behalf of the Board, I would like to thank Neil for his wise counsel, experience and all his work over the years and we wish him all the best for the future.

Following Neil's departure, a review of the composition of each Board Committee was conducted and we were pleased to appoint Loraine Woodhouse as Chair of the Audit Committee in September 2023.

Further details can be found on page 41.

In July 2023, John Halsall was appointed to the Board as Chief Operating Officer. His role is to lead and deliver best in class operational performance across both drinking water and wastewater. His background includes senior executive roles and operational delivery in the water and rail industries.

In December 2023, Paul Boote stepped down from his role as Group Chief Financial Officer as part of a planned relocation away from the South West. I would like to thank Paul for his contribution and support to South West Water and we wish him and his family the best for their future.

We welcomed Steve Buck who was appointed to the Board in January 2024 as Group Chief Financial Officer however Steve stood down from this role due to personal reasons in July and we fully support Steve's decision.

We are delighted that Laura Flowerdew has taken up the position of Group CFO enacting our internal succession plan.

The Board biographies can be found on pages 40 to 41.

## Promoting diversity

Diversity and inclusion (D&I) continued to be a top priority for the Board during the year. Our Board composition is substantially ahead of the diversity targets suggested by the Parker Review and the FTSE Women Leaders Review and South West Water as well as Pennon Group are rare examples of large companies where women on the Board outnumber their male counterparts.

Our commitment to diversity is also reflected right across the business; our widespread commitment and focused drive to recruit talent from all backgrounds has the heartfelt support of our strong and diverse leadership team. More information on our D&I initiatives can be found on page 31 and in the Nomination Report on [page 151 of the South West Water Annual Report and Financial Statements](#).

## Engaging with our stakeholders

Engaging with all our stakeholders has never been more essential, particularly in view of the national and global issues we are facing. All companies in the water sector face much scrutiny around their environmental impacts, so it is vital that we listen to and respond to our stakeholders' views. We make sure to carefully consider all decisions and their likely impacts on our stakeholders.

Engagement with customers is of particular interest to the Board and as part of the PR24 process, we were delighted that Lord Matthew Taylor, Chair of the WaterShare+ panel, and Peaches Golding OBE, Chair of the Bristol Water Challenge Group, regularly attended Board meetings to provide feedback from their discussions with our customers as part of their work with the WaterShare+ panel. Further information on the important work of the WaterShare+ panel can be found on page 8.

We continue to foster an open and transparent feedback culture within the business. All colleagues have the opportunity to share feedback with the Executive team and Board in several ways, including the Big Chat initiative, our Great Place to Work survey and our Employee Forum RISE.

You can read more on how we engage with our stakeholders on pages 10 to 11 and in our Section 172(1) statement on [page 145 of the South West Water Annual Report and Financial Statements](#).

## Culture

As a Board we pay particular attention to South West Water's culture, ensuring it is fully aligned with our shared purpose, values, and strategy. We continue to monitor these essential properties and receive regular reports from management on the work being done to ensure their continuous improvement. During the year, the Board were delighted to see the development of our new values which reflect the views of our wider stakeholders and culture. More information on how the new values will be embedded can be found on page 30.

## Role of the Board and its effectiveness

It is my view that the Board continues to be highly effective with a deep understanding of the opportunities available to us and the threats facing the business. The results of this year's Board and Committee performance reviews support this view; see page 69 for further detail. We keep all identified threats to the future success of the business under constant review. Please see our risk report on pages 76 to 78 for a description of the risks we identify and review.

## Board independence - South West Water and Pennon Group

In accordance with Ofwat's principles on board leadership, transparency and governance, separate boards are maintained for Pennon Group and South West Water.

Our system of governance remains appropriate and effective, while continuing to support the delivery of our strategy.

Our Board and Committee framework also allows us to remain efficient in our decision-making processes. The South West Water Board convenes on the same day as each Pennon Board meeting and considers all key relevant issues. This arrangement allows full operational oversight and governance by the boards over the water business interests, while the Pennon Board continues to focus on strategic forward-looking matters for the Group as a whole.

## Looking ahead

We will continue our focus on delivering against our environmental commitments, and ensuring we are well placed to meet the vital ambitions of the PR24 framework. And, as we look to our governance arrangements, we will continue with our ongoing and orderly succession planning strategy. There is much to do, and we have the talent and governance in place to achieve our ambitions.

As I reported in last year's Annual Report, I will be standing down as Chair, and from the Board with effect from 24th July 2024. Following a formal, rigorous and independently conducted process, I am delighted to announce David Sproul as Chair designate. He brings extensive governance experience to the role.

I would like to take this opportunity to thank my Board colleagues, the management team and our wider workforce for their outstanding work over the year just gone.

The Board will continue to focus on delivering against our strategic priorities in the year ahead, ensuring the wellbeing of our workforce as we build on the work of the last year in creating a successful and sustainable business.

Gill Rider  
Chair




**Stakeholder key**

-  Customers
-  Employees

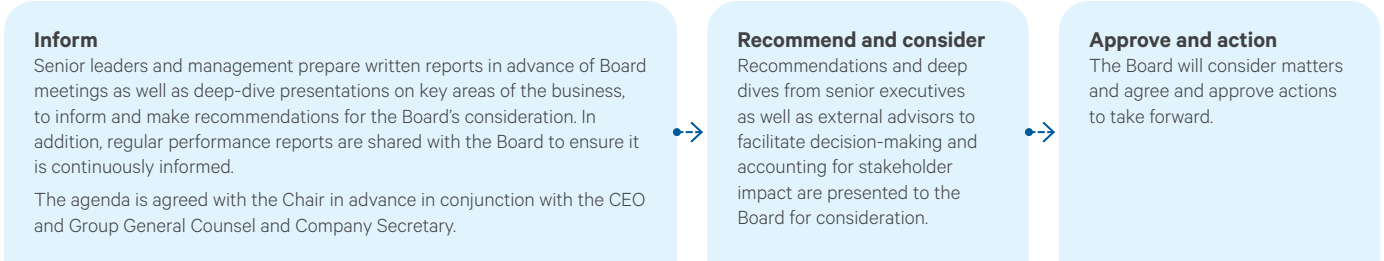
-  Communities
-  Environment

-  Suppliers
-  Investors










-  Regulators
-  Policy makers










**Key activities of the Board in 2023/24**

In 2023/24, the Board considered a wide range of matters. The key activities that were carried out by the Board during the year, together with an indication of the stakeholders affected and whose interests the Board considered in its discussions and decision-making, are set out below.



**Supported by:** Operational site visits/Governance, legal and regulatory updates

Activity	Stakeholder link
<b>Strategic</b>	
PR24 Business Plan - Approval of the plan	
Prior to submission to Ofwat, the Board approved our PR24 Business Plan. The plan will benefit our customers, the environment and the community.	
Delivery of capital projects - review and approval	
In line with the framework model for capital delivery, we reviewed and approved the delivery of capital projects. The successful delivery of these is for the benefit of all stakeholders and we have foster long term relationships with our suppliers.	
<b>Operational</b>	
ODI improvements - monitoring	
We monitored our ODI improvements to meet regulatory requirements. Ongoing regulatory/innovation initiatives were monitored via ESG and Health and Safety reports. Plans were adapted where needed. Our aim is to ensure successful regulatory outcomes, safe customer and employee experience, enhancing day to day operations.	
Storm overflows and pollution incidents - reviewing and assessing measures	
We reviewed and assessed measures tackling storm overflows at bathing waters to reduce spill rates across our sites and within our communities. We successfully maintained bathing water quality, and aim to maintain this all year round. We also aim to reduce pollution levels to industry-leading low levels.	
Water quality and resilience - approval of upgrade projects	
We approved projects to upgradetreatment works and expanding reservoir capacity across our regions to deliver against our objective to ensure a continuous supply of safe and clean water to our customers.	
<b>Financial</b>	
2022/23 Annual Reporting - review and authorisation	
We approved and authorised the Annual Report and Financial Statements as well as Annual Performance Report	
Final dividend payment - approval	
We have approved dividend payments in line with the Company's dividend policy	

Activity	Stakeholder link
<b>Environmental</b>	
Net Zero strategy plan, green recovery investment programme - implementation	
We have implemented and aligned plans with our strategic priorities by engaging in, for example:	
<ul style="list-style-type: none"> <li>Investments in bathing waters to reduce releases from storm overflows</li> <li>Two desalination plants being built in Cornwall to secure long term water security in the region</li> </ul>	
Our investments are also accelerating delivery of our NetZero plans to achieve a more sustainable future for all.	
<b>Social</b>	
Supporting customers on low income - monitoring and adapting	
We monitored customer service levels and plans to deliver improved diversity mix and adapting where needed. This continues to align our plans to achieve ever more stretching customer service and priority services/affordability targets.	
Investments in job opportunities and apprenticeships for local communities - review and approval	
We reviewed and approved investments for the benefit of the communities. These create job opportunities and improve the careers of our people and help retain talent.	
Culture and values - review and approval	
We reviewed and approved new values that best align to our vision to boost and accelerate cultural transformation within the Company and to develop an excellence behavioural framework for our people.	
<b>Risk</b>	
Mitigation of key risks - deep dive reviews	
Ongoing focus on key risks, with deep dives at Audit Committee meetings ensuring continued alignment of plans to ensure appropriate risk mitigation	
Cyber security risk - deep dive	
Review of our systems and assessed mitigating measures to avoid cyber attacks, preventing sensitive data of customers and our people and ensuring preparedness to tackle this risk.	
<b>Compliance, Governance, Legal and Regulatory</b>	
Corporate Governance and key legal developments	
Regular updates during the year to ensure continual alignment of plans to ensure appropriate compliance/best governance practice	

# Our governance at a glance

## Trusted leaders

### Key focus areas for the Board in 2023/24

- Customer affordability
- Delivery of capital projects
- PR24 Business Plan
- Culture and Values
- Green recovery investment programmes
- Storm overflows and eliminating pollution
- Water quality and resilience

### Board meetings and attendance

There were six scheduled Board meetings during the year, and two strategy days, and met post year end to approve the APR.

**May 2023**

Board and Committee meetings

**July 2023**

AGM, Board and Committee meetings

**September 2023**

Board and Committee meetings

**September 2023 & March 2024**

Board strategy days

**November 2023**

Board and Committee meetings

**January 2024**

Board meeting

**March 2024**

Board and Committee meetings

**July 2024**

Standalone APR approval Board meeting

### Meeting attendance during the year

Position	Member	Attendance
<b>Chair</b>	Gill Rider	<b>6/6</b>
<b>Non-Executive Directors</b>	Neil Cooper <sup>1</sup>	<b>2/2</b>
	Iain Evans	<b>6/6</b>
	Claire Ighodaro	<b>6/6</b>
	Jon Butterworth	<b>6/6</b>
	Dorothy Burwell	<b>6/6</b>
	Loraine Woodhouse	<b>6/6</b>
<b>Executive Directors</b>	Susan Davy	<b>6/6</b>
	Steve Buck <sup>2</sup>	<b>2/2</b>
	Paul Boote <sup>3</sup>	<b>4/4</b>
	Laura Flowerdew <sup>4</sup>	-

1. Resigned on 1 September 2023

2. Appointed on 1 January 2024 and Resigned on 11 July 2024

3. Resigned on 31 December 2023

4. Appointed 11 July 2024

### Board skills matrix

Board member	Independence	Water sector	Regulation	Finance/Accounting	Strategy	Transformation	Health, safety & wellbeing	ESG including climate change	Data, technology & digital	People	Governance	Remuneration	Enterprise risk management
Gill Rider	✓	✓	✓		✓	✓		✓		✓	✓	✓	✓
Susan Davy		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Laura Flowerdew		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
John Halsall		✓	✓	✓		✓	✓			✓			✓
Neil Cooper	✓		✓	✓	✓	✓		✓	✓	✓	✓		✓
Iain Evans	✓	✓	✓		✓	✓		✓			✓		✓
Claire Ighodaro	✓		✓	✓	✓	✓		✓			✓	✓	✓
Jon Butterworth	✓		✓		✓	✓	✓	✓	✓	✓	✓		✓
Dorothy Burwell	✓		✓		✓	✓		✓		✓	✓		✓
Loraine Woodhouse	✓		✓	✓	✓	✓		✓	✓	✓	✓		✓

1. Resigned on 1 September 2023.

2. Appointed on 1 January 2024.

3. Resigned on 31 December 2023.

# Board of Directors

Trusted leaders



**1 Gill Rider**  
Chair



**2 Susan Davy**  
Group Chief Executive Officer



**3 Laura Flowerdew**  
Group Chief Financial Officer



**4 Iain Evans**  
Senior Independent Director



**5 Claire Ighodaro**  
Independent Non-Executive Director



**6 Jon Butterworth**  
Independent Non-Executive Director

**1 Gill Rider CB, Ph.D, CCIID**

A E H N R

**Chair**  
**Appointed**

Gill was appointed to the Board on 1 April 2016 and became Chair on 31 July 2020. Gill has been a member of the Pennon Group Board since 1 September 2012.

**Skills and experience**

Gill has a wealth of experience in leadership and governance across a broad range of sectors including professional services, education, not for profit and government.

Formerly, Gill was Head of the Civil Service Capability Group in the Cabinet Office, reporting to the Cabinet Secretary. Prior to that, she held a number of senior positions with Accenture LLP culminating in the post of Chief Leadership Officer for the global firm. Gill is president of the Chartered Institute of Personnel and Development (CIPD) and Chair of the Council of the University of Southampton. Up until May 2024 she was non-executive director and chair of the remuneration committee of Intertek Group plc.

**Current external appointments**

President of the Marine Biological Association.

**2 Susan Davy**

E H

**Group Chief Executive Officer**  
**Appointed**

Susan was appointed to the Board as Group Chief Executive Officer on 31 July 2020. Having previously served as Chief Financial Officer since 2015.

**Skills and experience**

Susan's knowledge of the industry, coupled with her financial and regulatory expertise, has underpinned the development of Pennon's strategy which has included the value creating acquisition of Bournemouth Water, Bristol Water, Sutton and East Surrey Water, as well as the successful Viridor disposal process, all of which she has led. In her 27+ years' experience in the listed utility sector, Susan has also held a number of other senior roles in the water sector, including at Kelda Group plc. Susan's FTSE experience, alongside significant corporate, operational and financing expertise brings a diversity of experience to Pennon.

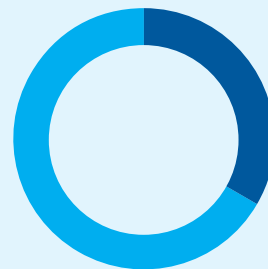
**Current external appointments**

Non-Executive Director and Audit Chair of Restore Plc, a Director of the Institute of Water, a member of the Water UK Board, member of the Energy and Utilities Skills Partnership Council, and was previously a member of the A4S (Accounting for Sustainability) CFO leadership network.

**Key**

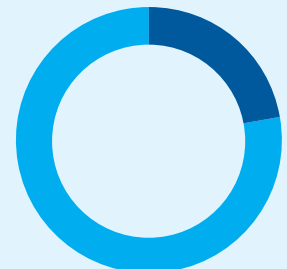
- A Audit Committee
- E ESG Committee
- H Health and Safety Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of Committee
- Attended

**Board composition**



- Male: 3
- Female: 6

**Ethnicity**



- Of ethnic minority: 2
- White: 7

## I Board of Directors continued

### 3 Laura Flowerdew

E H

#### Group Chief Financial Officer

##### Appointment

Laura was appointed to the Board on 11 July 2024.

Laura joined the Pennon Group in September 2022.

##### Skills and experience

Laura was appointed Chief Customer and Digital Officer of Pennon Group in September 2022. She was previously an executive director and Chief Financial Officer of Bristol Water plc from October 2018 including a period as Deputy CEO. Alongside her financial responsibilities her role also encompassed leading the company's transformation programme, as well as IT, HR, business services and communications. Laura previously worked in several executive positions in utilities and natural resources businesses including Bristol Energy, Anglo American and De Beers.

### 4 Iain Evans

A E H N R

#### Senior Independent Non-Executive Director

##### Appointed

Iain was appointed to the Board on 31 July 2020.

Iain has been a member of the Pennon Group Board since appointment on 1 September 2018.

##### Skills and experience

Iain has 40 years of extensive global experience in advising companies and governments on issues of complex corporate strategy.

In 1983, he co-founded L.E.K. Consulting in London and built it into one of the world's largest and most respected corporate strategy consulting firms with a global footprint active in a wide range of industries.

Iain was appointed as a non-executive director of Welsh Water plc in 1989 and served on the board for nearly ten years, including five years as chair.

##### Current external appointments

Iain is a non-executive director of Bologna Topco Limited and HSM Advisory Limited and continues to act as an independent corporate strategy consultant.

### 5 Claire Ighodaro

A E H N R

#### Independent Non-Executive Director

##### Appointed

Claire was appointed to the Board on 31 July 2020.

Claire has been a member of the Pennon Group Board since appointment on 1 September 2019.

##### Skills and experience

Claire has held a number of senior roles and directorships with UK and international organisations and has extensive board experience, serving on their audit, remuneration and governance committees.

She is a past president of CIMA (Chartered Institute of Management Accountants) and was the first woman to lead this organisation. Claire spent most of her executive career with BT plc. She has also held non-executive directorships across a diverse portfolio including Governance Committee Chair of Bank of America's Merrill Lynch International, Audit Committee chair of Lloyd's of London, Flood Re, The Open University and various UK public bodies including UK Trade & Investment and the British Council.

Claire was also Non-executive Chair of the Board and Governance Committee at Axa XL - UK Entities until December 2022.

##### Current external appointments

Chair of the Audit Board of KPMG LLP.

### 6 Jon Butterworth

A E H N R

#### Independent Non-Executive Director

##### Appointed

Jon was appointed to the Board on 28 September 2017.

Jon was also appointed to the Pennon Group Board on 8 July 2020.

##### Skills and experience

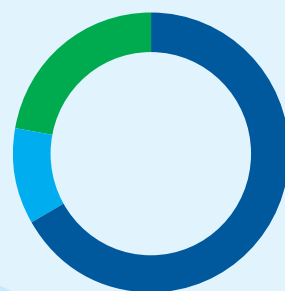
Jon has a distinguished track record and an immense depth of experience and knowledge within the utility sector, having begun his career over 40 years ago as an apprentice at British Gas. Jon was previously Managing Director of National Grid Ventures, driving growth across a range of commercial ventures outside the regulated energy sector in the UK and the US. He has also been the Managing Director of Northwest Gas, global Environment and Sustainability Manager of Transco, National Operations Director of National Grid, Group Safety, Resilience and Environmental Director of National Grid plc and formerly CEO of National Grid Ventures.

Jon is an Ex-Chair of the CORGI Board, an Ex-Ambassador of the HM Young Offenders Programme and a trustee of the National Gas Museum Trust.

##### Current external appointments

Chief Executive Officer at National Gas. Jon is also President of the Pipeline Industries Guild and a director of E.Tapp & Co Limited, Shopfittings Manchester Limited and TMA Property Limited.

### Tenure



0-2 years: 6

3-5 years: 1

6+ years: 2



**7 Dorothy Burwell**  
Independent Non-Executive Director

**7 Dorothy Burwell**

**E H N R**

**Independent Non-Executive Director**

**Appointed**

Dorothy was appointed to the Board as Independent Non-Executive Director on 1 December 2022.

**Skills and experience**

Dorothy has over 20 years' experience in banking and communications, specialising in natural resources and advising clients around issues on sustainability, strategy and corporate communications. She is well known for driving substantive diversity and inclusion agendas.

Between 2002 and 2006, Dorothy held analyst and senior roles at Goldman Sachs in the Investment Banking Division in both London and New York as well as in the firmwide Strategy group, where she focused on proprietary mergers and acquisitions and new business development.

Dorothy graduated from the Florida Agricultural and Mechanical University, USA with a Bachelor and Master of Business Administration, Finance and Management.

**Current external appointments**

Partner and Global Partnership Board Member of FGS Global and Non-Executive Director at Post Holdings, Inc.



**8 Loraine Woodhouse**  
Independent Non-Executive Director

**8 Loraine Woodhouse**

**E H**

**Independent Non-Executive Director**

**Appointed**

Loraine was appointed to the Board as Independent Non-Executive Director on 1 December 2022.

**Skills and experience**

Loraine is an experienced finance executive, with her experience focused in the retail and consumer sector, and more recently in real estate and infrastructure through her roles with Intu Properties plc and British Land Company plc.

Loraine was the Chief Financial Officer of Halfords Group plc, before which, she spent five years in executive and senior finance roles within the John Lewis Partnership, including Waitrose.

Prior to that, Loraine was Chief Financial Officer of Hobbs, Finance Director of Capital Shopping Centres Limited (subsequently Intu Properties plc) and Finance Director of Costa Coffee Limited.

**Current external appointments**

Non-Executive Director and Chair of the Audit Committee at British Land plc, and Trustee and Audit Committee member of the Zoological Society London.



**9 John Halsall**  
Chief Operating Officer

**9 John Halsall**

**Chief Operating Officer**

**Appointed**

John joined South West Water in February 2023 and subject to Ofwat approval, was appointed to the South West Water Board with effect from 10 July 2023.

**Skills and experience**

Before joining the Group, John was Regional Managing Director (Southern) for Network Rail for 14 years. Prior to that, he spent 17 years at Thames Water in various senior operational roles including Director of Water Services and Director of Operations.

**Current external appointments**

None



**10 Andrew Garard**  
Group General Counsel and Company Secretary

**10 Andrew Garard**

**E H**

**Group General Counsel and Company Secretary**

**Appointed**

Andrew was appointed to the Board as Group General Counsel and Company Secretary on 1 December 2022.

**Skills and experience**

Andrew is a very experienced General Counsel having joined from Meggitt PLC where he was Group General Counsel and Director, Corporate Affairs, and a member of the Group Executive responsible for legal, commercial, trade compliance, government relations, ethics and contract management.

Previously, he was Group General Counsel and Company Secretary at ITV plc where he was a member of the Executive Board and led a global team responsible for legal and business affairs, secretariat, compliance, insurance, health & safety, rights management and corporate responsibility. Prior to this, he was Group General Counsel at Cable & Wireless plc and Head of Legal at Reuters Group plc.

**Current external appointments**

Non-Executive Director at Zinc Media Group plc where he is Chair of the Remuneration Committee.

# | The SBB Executive Team



**Susan Davy**  
Group Chief Executive Officer

[See bio on page 39](#)



**Laura Flowerdew**  
Group Chief Financial Officer

[See bio on page 40](#)



**Andrew Garard**  
Group General Counsel and  
Company Secretary

[See bio on page 41](#)



**John Halsall**  
Chief Operating Officer

[See bio on page 41](#)



**Adele Barker**  
Group Chief People  
Officer

**Appointment**  
July 2020

**Skills and experience**

Adele joined the Group in 2017 and was appointed as Group Chief People Officer in 2020. Adele's role is to lead and execute the Group's people strategy, Health and Safety strategy and lead on Corporate Affairs.

Her background includes senior executive roles and HR leadership across Utilities, banking and retail, including British Gas, Orange and Marks & Spencer.



**Richard Price**  
Chief Engineering  
Director

**Appointment**  
September 2022

**Skills and experience**

Richard has previously held the roles Operations Director and COO in Bristol Water before becoming Chief Engineering Director for Pennon in September 2022. Before joining Bristol Water, Richard held extensive roles at Southern Water and so has in depth knowledge about the water industry. Richard's role within Pennon is to lead safe, efficient and innovative engineering and construction across the greater South West region.



**David Harris**  
Drought and Resilience  
Director

**Appointment**  
November 2022

**Skills and experience**

David joined the Group in November 2022. David's role within SBB is to lead on drought planning activities as well as longer-term resilience.

His background includes senior executive roles in regulated water and infrastructure businesses in Australia, including WaterNSW.



**Louise Rowe**  
Compliance and ESG  
Director

**Appointment**  
February 2015

**Skills and experience**

Louise is a chartered accountant and has been with South West Water for almost 15 years holding a range of managerial roles within Finance prior to her appointment as Finance Director. On 1 September 2022 Louise took on the role of Compliance and ESG Director. She is a member of several Executive subsidiary Committees including the ESG Executive Committee. Prior to joining South West Water, Louise qualified with KPMG following completion of her physics degree.



**Sarah Williams**  
Director of Regulation,  
Strategy and Net Zero

**Appointment**  
April 2024

**Skills and experience**

Sarah brings with her huge expertise and knowledge from 28 years in the utilities sector and, most recently, as Director of Regulation, Asset Strategy, and HSE in Wales and West Utilities.

Sarah has an impressive track record of leading price reviews as well as several director and senior leaderships roles in Asset Management, Net Zero, Customer Service, Health & Safety and successful implementation of major change programmes.

Building on Sarah's experience and knowledge, she will run the PR24 process and oversee the joining together of the Net Zero and the Developer Services teams with the existing Regulation & Strategy team to allow us to bring together relevant skillsets and expertise in a new function.

# Board leadership and Company purpose

## Governance structure and framework

### South West Water Board

An independent, separate Board from the Pennon Group plc Board, responsible for decisions relating to the business and strategy of South West Water Limited.

The business of the Board with associated Audit, Remuneration, Nomination and Environment, Social and Governance (ESG) Committees covers a full range of corporate issues including strategy, performance, delivery, compliance and governance.

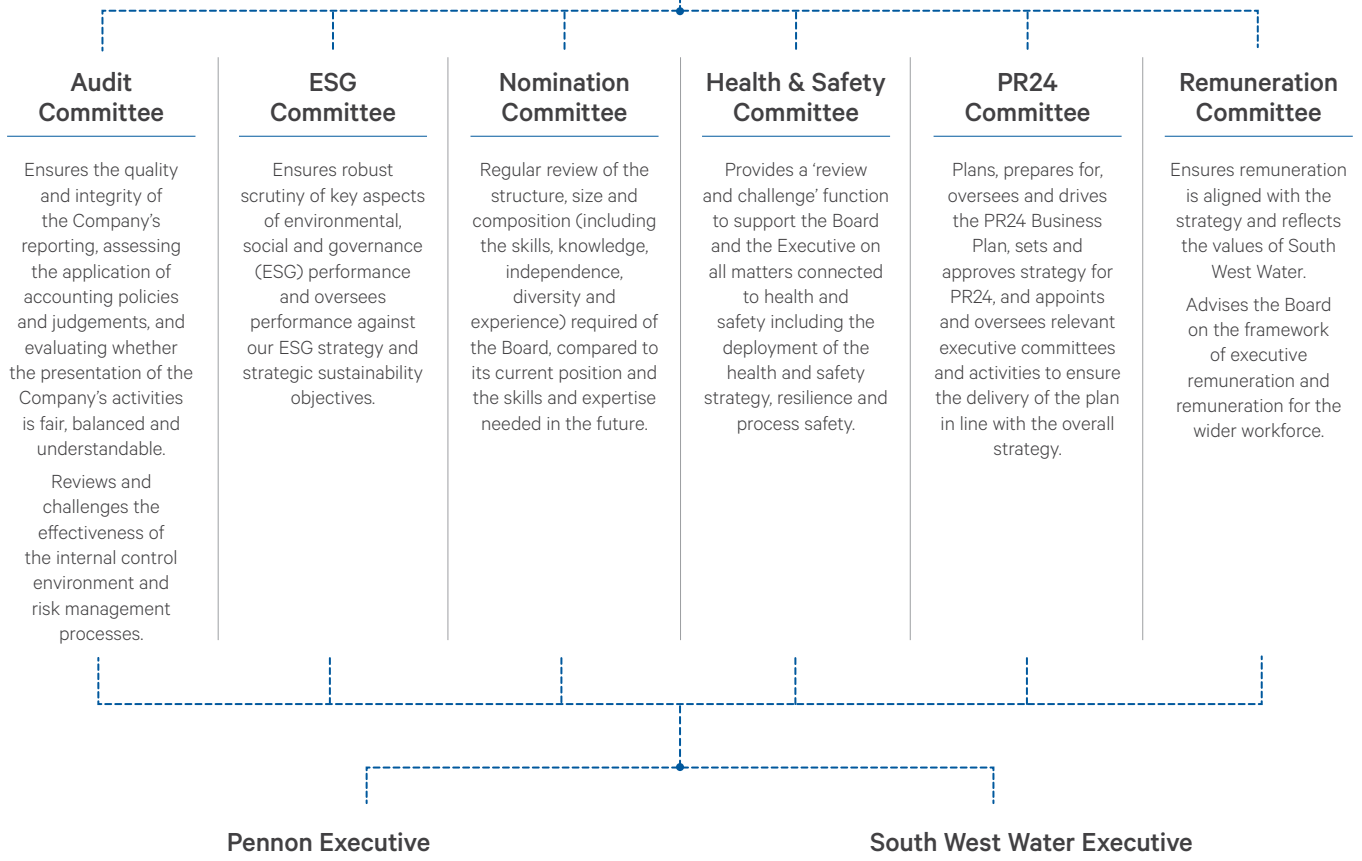
The Board has a 'matters reserved' schedule setting out its responsibilities and each Committee has detailed terms of reference setting out its responsibilities and accountabilities.

### Pennon Group plc Board

The Board is responsible for providing leadership and oversight of the Group's business, strategy and associated activities including promoting its long-term success. The Board's responsibilities include setting the Group's values, policies and standards, approving Pennon's strategy and objectives, and overseeing the Group's operations and performance. The Board makes decisions in relation to the Group's business in accordance with its schedule of matters reserved.

### The Board Committees

The terms of reference for each Committee are agreed by the Board and can be found at [www.southwestwater.co.uk/about-us/governance/board-governance/](http://www.southwestwater.co.uk/about-us/governance/board-governance/). The terms of reference, as well as the Board's schedule of matters reserved, were reviewed and updated during the year to ensure that they remain appropriate and relevant.



## I Board leadership and Company purpose continued

### Sub-committees and steering groups

There are a number of sub-committees and steering groups which support delivery of our strategic priorities and key delivery programmes as set out in the table below.

No	Title	Purpose
1	Investment Planning Committee	Effective owner of procedures controlling and approving capital investment. Ensures principles of proper financial control
2	Compliance Committee	Established to oversee South West Water's compliance with our obligations
3	Procurement Strategy Group	Oversees strategies and policies to promote effective working practices for strategic contracting relationships
4	Net Zero and Energy Committee	Oversees our management of risk and risk appetite in the areas of energy management, Net Zero and Sustainability
5	PR24 Steering Group	Established to develop the Company's preparation and plans for PR24
6	Isles of Scilly Steering Group	Established to ensure we meet our obligations since being appointed the licensee on April 2020
7	Green Recovery Steering Group	Reviews and challenges the progress of our five Green Recovery initiatives and develops the annual reporting in this area

### Directors' roles and accountability

<b>Chair</b> <b>Gill Rider</b>	<ul style="list-style-type: none"> <li>Leading the Board and promoting a strong culture of openness and debate to facilitate constructive Board relations and effective contribution from all Non-executive Directors</li> <li>Promoting the highest standards of integrity and probity and ensuring the Board holds itself to good and effective governance</li> <li>Managing Board composition, performance and succession planning, ensuring the Board holds itself to standards of good and effective governance</li> <li>Setting the agenda and ensuring the timely dissemination of information to the Board to ensure all relevant information is provided in a timely manner before constructive discussion and decision making</li> <li>Representing the high standards of South West Water and ensuring the views of all stakeholders are understood and considered</li> <li>Facilitating an open relationship with the Chief Executive Officer by providing advice, support and guidance</li> </ul>
<b>Group Chief Executive Officer</b> <b>Susan Davy</b>	<ul style="list-style-type: none"> <li>Managing South West Water and providing executive leadership</li> <li>Developing, proposing and implementing the Company's strategy as agreed by the Board and in line with the strategic framework</li> <li>Leading the operation of the Company in accordance with the decisions of the Board</li> <li>Co-ordinating with the Chair on important and strategic issues of the Company and providing input to the Board's agenda</li> <li>Contributing to succession planning and implementing the organisational structure</li> <li>Leading on acquisitions, disposals and business development</li> <li>Developing and managing relations with all stakeholders</li> </ul>
<b>Senior Independent Director</b> <b>Iain Evans</b>	<ul style="list-style-type: none"> <li>Assisting the Chair with stakeholder communications and being available as an additional point of contact for stakeholders</li> <li>Being available to other Non-Executive Directors if they have any concerns that are not satisfactorily resolved by the Chair</li> <li>Ensuring an annual performance evaluation of the Chair, with the support of the Non-executive Directors, and ensuring effective succession planning for the Board</li> </ul>
<b>Group Chief Financial Officer</b> <b>Laura Flowerdew</b>	<ul style="list-style-type: none"> <li>Managing the financial affairs and supporting the Group Chief Executive in providing executive leadership and implementing the strategy</li> <li>Reporting accurate and detailed financial information to the Board on performance and developments across the business</li> <li>Managing and balancing relationships, such as investor relations, finance and treasury, as well as external stakeholders, such as investors, customers and Pension Trustees</li> </ul>
<b>Chief Operating Officer</b> <b>John Halsall</b>	<ul style="list-style-type: none"> <li>Managing the operational affairs and supporting the Group Chief Executive Officer in providing executive leadership and developing strategy</li> <li>Reporting to the Board on operational performance and developments across the business</li> <li>Implementing decisions of the Board</li> <li>Managing specific business responsibilities, as well as external stakeholders, such as regulators</li> </ul>
<b>Non-Executive Directors</b> <b>Claire Ighodaro</b> <b>Dorothy Burwell</b> <b>Jon Butterworth</b> <b>Lorraine Woodhouse</b>	<ul style="list-style-type: none"> <li>Critically reviewing the strategies proposed for the Company</li> <li>Critically examining the operational and financial performance of South West Water</li> <li>Evaluating proposals from management and constructively challenging management's recommendations</li> <li>Contributing to corporate accountability through being active members of the Committees of the Board</li> </ul>
<b>Group General Counsel and Company Secretary</b> <b>Andrew Garard</b>	<ul style="list-style-type: none"> <li>Supports the Board in ensuring all policies, processes, information, and resources are in order to ensure the Board can operate effectively and efficiently</li> <li>Advises and keeps the Board updated on any changes to Listing and Transparency Rules and best corporate governance practices</li> <li>Facilitates a comprehensive induction for newly appointed directors that is tailored to the industry and strategy</li> <li>Co-ordinates the annual Board and Committee evaluations in conjunction with the Chair</li> <li>Provides advice and services to all Directors, as needed</li> </ul>



All of the Non-Executive Directors are considered by the Board to be independent. None of the relationships or circumstances set out in the UK Corporate Governance Code (the UK Code) applied to the Non-Executive Directors listed on pages 39 to 41.

Notwithstanding their directorships of Pennon Group plc, the Non-Executive Directors are considered to be independent in character and judgement given that they were appointed to the South West Water Board in order to facilitate the Group's revised governance framework, rather than to represent the interests of the shareholder.

Susan Davy continued as a non-executive director of Restore plc throughout 2023/24. The Board is of the opinion that the experience gained from external appointments provides additional and different business experience and a fresh insight into the role of a director.

At year end, the Board had 55.6% female representation, which exceeds its 33% female representation target.

All the Non-Executive Directors are considered to have the appropriate skills, experience in their respective disciplines and personality to bring independent and objective judgement to the Board's deliberations. Their biographies on pages 39 to 41 demonstrate collectively a broad range of business, financial and other relevant experience.

South West Water provides regulated water and wastewater services across Cornwall, Devon and parts of Dorset and Somerset, and water services in the Bournemouth Water area of operation (covering areas of Dorset, Hampshire and Wiltshire). From 1 April 2020, South West Water's licence was extended to provide water and wastewater services on the Isles of Scilly.

The Company also provides a small number of non-appointed services.

### Directors' roles

Lorraine Woodhouse is chair of the Audit Committee and in accordance with the UK Code and FCA disclosure Guidance and Transparency Rule 7.1.1 she has recent and relevant financial and accounting experience (as set out in her biography on page 41). The Board is satisfied that the Committee as a whole has competence relevant to the operations of South West Water.

There is a clear separation of responsibilities between the Chair and the Chief Executive Officer, divided between managing the Board and the business, while they of course maintain a close working relationship.

All the Directors are equally accountable for the proper stewardship of South West Water's affairs but they have specific roles including those set out in this report.

### Managing South West Water

The South West Water Board continues to operate as a separate independent board – albeit with common directors with Pennon Group plc – in accordance with its schedule of matters reserved (see right) to ensure compliance with Ofwat's principles on Board leadership, transparency and governance.

The Pennon Group Board's responsibilities include overall leadership of the Group, setting the Group's values, policies and standards, approving Pennon's strategy and objectives and providing oversight of the Group's operations and its performance.

Because the two Boards are run concurrently, the Directors are well-positioned to ensure that matters reserved to each respective Board are appropriately scrutinised and undertaken in compliance with each business's regulated obligations. A rigorous conflicts of interest process also safeguards the South West Water Board's ability to set and take accountability for all aspects of the regulated business strategy and to strengthen South West Water's regulatory ringfence.

While certain matters may be delegated to the Board Committees and to the Executive Directors, as appropriate, the matters reserved to the Board include:

- All acquisitions and disposals
- Major items of capital expenditure
- Authority levels for other expenditure
- Risk management process and monitoring of risks
- Approval of the strategic plan and annual operating budgets
- Company policies, procedures and delegations
- Appointments to the Board and its Committees
- Approval of the Annual Reports and Financial Statements and the Annual Performance Report and Regulatory Reporting.

Without reserving to itself the final decision-making power, the Pennon Group Board also endorses certain decisions taken by the South West Water Board, including major capital projects and investments, long-term objectives and commercial strategy, the five-year regulatory plan, annual budgets, and certain decisions relating to financing. This approach remains compatible with Ofwat's principles on board leadership, transparency and governance because such decisions are ultimately reviewed by the South West Water Board.

Approval of South West Water's dividend policy and the declaration of dividends to be paid by South West Water also remain reserved to the South West Water Board.

The Executive team meets in advance of each meeting of the Board in order to ensure clear ownership and management of the operations of the business prior to the formal Board and Committee meetings.

In addition to the six scheduled Board meetings, a strategy day is held in September each year, and extra ad hoc Board meetings are arranged as required.

## I Board leadership and Company purpose continued

### Board support and training

Directors have access to the advice and services of the Company Secretary, and the Board has an established procedure whereby Directors, in order to fulfil their duties, may seek independent professional advice at the Company's expense. The Company Secretary is responsible for ensuring that the Board operates in accordance with the governance framework and that information flows effectively between the Directors, the Board and the Committees.

Newly appointed Directors receive a formal, tailored induction, which includes, inter alia, an explanation of the Company and wider Group structure, regulatory and legal issues, the governance framework and policies, the approach to risk management and its principal risks (financial and non-financial, including environmental, social and governance (ESG) risks), duties and obligations (including protocols around conflicts of interest and dealing in shares of the parent company), and the current activities of the Board and its Committees.

Newly appointed Directors are also invited to visit different operating facilities across the business and to meet with employees in order to understand key processes and systems better.

Following John Halsall's and Steve Buck's appointment to the Board, they received a tailored induction programme, which included formal introductions with key stakeholders in the business, along with briefing sessions from senior management on topics ranging from the Company's approach to its operational activities and regulatory, governance, finance, health and safety and key risks and opportunities faced by South West Water.

The inductions include a number of site visits across the region including a drinking water treatment site, a sewage treatment site and a reservoir catchment project. They have had the opportunity to meet local teams and ask questions about the business. They were also given access to the Board portal which includes key Board and Committee documents and South West Water and Group information.

The training needs of Directors are reviewed as part of the Board's performance evaluation process each year. Training may include attendance at external courses organised by professional advisors and also internal presentations from senior management.

### Board Committees' terms of reference

In accordance with policies, a range of key matters are delegated to the Board's Committees. The terms of reference of each of the Board's Committees are set out on the Company's website ([www.southwestwater.co.uk/about-us/governance](http://www.southwestwater.co.uk/about-us/governance)) and are also available from the Group Company Secretary upon request.

The terms of reference, as well as the Board's schedule of matters reserved, were reviewed and updated during the year to ensure that they remained appropriate and relevant.

### Operation of the Board

The Board operates by receiving written reports circulated in advance of the meetings from the Executive Directors on matters within their respective business areas. The Board also receives presentations on key areas of the business and undertakes site visits to meet employees and gain a better understanding of the operation of business initiatives. In 2023/24, the Board was able to resume a programme of largely in-person Board meetings.

Under the guidance of the Chair, all matters placed before the Board are discussed openly. Presentations and advice are received frequently from senior executives and from external advisors to facilitate the decision-making of the Board. In 2023/24, the Board has considered a wide range of matters in order to meet its obligations. More detail on the key activities of the Board can be found on pages 37 and throughout the Governance Report.

In arriving at decisions, the Board always considers the impact they might have on stakeholder groups when considering what is in the best interests of stakeholders as a whole.

The Chair and Non-Executive Directors take particular care to ensure that the Board considers the interests of customers in all matters discussed by the Board, reflecting a very real understanding of the particular pressures on South West Water's customers. In addition to a regular review of customer contact and complaint analysis, the Board is regularly updated on customer satisfaction surveys.

South West Water has monitored customer satisfaction with service and value for money quarterly for over 20 years, and has also facilitated focus groups to discuss local and regional investment. Findings from all methods of customer consultation are fed back to the Board and incorporated into Company plans.

All Directors are equally accountable for the stewardship of the Company's affairs with the Non-Executive Directors having a particular responsibility for ensuring that strategies proposed for the development of the business are critically reviewed.

The Non-Executive Directors also examine the operational and financial performance of the Company and fulfil a key role in corporate accountability through their membership of the governance committees of the Board.

During 2022/23, refresher training was provided to the Board on Directors' duties.

### Executive management

The role of the Executive is to define and drive the business priorities that will achieve delivery of the strategy. It is responsible for ensuring, to the extent of the authority delegated by the Board, the proper and prudent management of resources to create and maximise value whilst protecting the interests of the wider stakeholder group.

Chaired by the Chief Executive Officer, the Executive meets formally fortnightly/monthly to manage the performance of the Company and to review and refine recommendations to be presented to the Board.

Further details concerning the Executive Management and its sub-groups are provided on pages 42 to 43.

### Dealing with Directors' conflicts of interest

In accordance with the Directors' interest provision of the Companies Act 2006 and the Company's Articles of Association, the Board has in place a procedure for the consideration and authorisation of Directors' conflicts or possible conflicts with the Company's interests. The Board considers that this has operated effectively during the year.

Each Director has a duty under the Companies Act 2006 to avoid a situation in which they have or may have a direct or indirect interest that conflicts or might conflict with the interests of the Company. This duty is in addition to the existing duty owed to the Company to disclose to the Board any interest in a transaction or arrangement under consideration by the Company.

A register of Directors' conflicts is maintained and reviewed at each Board meeting. Authorised conflicts disclosed on the register currently involve cross directorships with group companies and the trustee board of Pennon Group's defined benefit scheme. No other conflicts of interest arose during the year.

### Related parties

The processes outlined left in relation to conflicts of interest, together with the commissioning of frequent share register analysis, enable the Board to monitor related parties so that any related party transactions may be quickly identified and compliance with the Listing Rules ensured.

### Risk management and the system of internal control

The Board is responsible for maintaining the system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating and managing the significant risks faced by South West Water that has been in place throughout 2023/24 and up to the date of the approval of this Annual Performance Report.

The Group's system of internal control is consistent with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (FRC Internal Control Guidance).

The Board confirms that it applies procedures in accordance with the UK Code and the FRC's Internal Control Guidance, which brings together elements of best practice for risk management and internal control by companies. The Board's risk framework described in the Annual Report and Financial Statements provides for the identification of key risks, including ESG risks, in relation to the achievement of the business objectives of the Group, monitoring of such risks and ongoing and annual evaluation of the overall process. ESG risks identified and assessed by the Board cover areas such as health and safety, climate change and tax compliance. Details of the key risks affecting the Company are set out in the strategic report on [pages 50 to 65 the South West Water's Annual Report and Financial Statements](#).

Key performance indicators are in place to enable the Board to measure the Company's ESG performance and a number of these are linked to remuneration incentives (see the Annual Report on Remuneration).

As part of the review of the effectiveness of the system of risk management and internal control under the Pennon Group risk management policy, all Executive Directors and senior managers are required to certify on an annual basis that they have effective controls in place to manage risks and to operate in compliance with legislation and other procedures.

The processes and policies serve to ensure that a culture of effective control and risk management is embedded and that the Company is in a position to react appropriately to new risks as they arise.

### Code of Conduct and policies

The Pennon Group Code of Conduct has been adopted within South West Water. It and related policies set out our commitment to promoting and maintaining the highest ethical standards. Areas covered in the Code of Conduct and policies include our impact on the environment and our communities, our workplace and our business conduct.

The Code of Conduct sets out the values and principles by which we operate and provides a framework for ethical business practices. It is further supported by several policies that guide our workforce and suppliers, so that we can identify and deal with suspected wrongdoing, fraud or malpractice, maintain the highest standards of compliance, and apply consistently high standards of ethics. We aim to maintain a culture that fosters the reporting of any concerns, and trust and confidence that we will act upon them.

Our Code of Conduct and other key compliance policies can be found here: <https://www.pennon-group.co.uk/about-us/policies>.

### Anti-financial crime framework

The anti-bribery and corruption, anti-tax avoidance, and anti-money laundering policies were reviewed and consolidated (together with new guidance to reflect the provisions of the Economic Crime and Corporate Transparency Act 2023) into a new Board approved anti-financial crime policy in March 2024.

The new policy includes guidance on our zero tolerance approach to acts of bribery, fraud, money laundering and tax evasion. The Policy outlines the requirements to comply with relevant legislative, ethical standards and best practice on preventing financial crime, and provides information and guidance to those working for and on our behalf on how to spot 'red flags' that could indicate a risk of financial crime.

The policy is in the process of being rolled out comprehensively, through the Company's learning management platform to track review and record understanding; this process is complemented by online training for new joiners on the individual areas of financial crime and annual refresher training for all employees on the Code of Conduct (which incorporates anti-financial crime guidance) arranged by the Legal Compliance team. We ensure compliance with the policy in line with our risk-based approach by conducting ad hoc checks on completion of the mandatory training set out above, providing specific training to areas of potential higher risk (e.g. Procurement and Commercial & Estates), and carrying out detailed investigations into allegations of potential wrongdoing (whistle blows) received from employees, customers and suppliers.

The potential consequences for colleagues and the Company itself are clearly set out in the policy as are the processes for raising concerns.

Any breaches or failure to adhere to the Group's strict standards of integrity and honesty will be subject to disciplinary action, up to and including dismissal from the Company. All employees are required to report any circumstances or any suspicions of fraud, bribery, corruption or other irregularities, either to a line manager or by using the Company's confidential whistleblowing service Speak Up.

The Legal Compliance team (in conjunction with the Internal Audit function and Group Tax team) created a revised financial crime risk assessment framework in April 2024 to incorporate the requirements of the Economic Crime and Corporate Transparency Act 2023. The framework includes an annual:

- Combined business-wide bribery and fraud risk assessment process led by the Legal Compliance team
- Tax evasion risk assessment led by the Group Tax team.
- Review of the money laundering suspicious activity report process led by the Head of Legal Compliance in conjunction with the Group Treasury team

The framework is complemented by the annual review of corporate policies (led by the Legal Compliance team) relating to financial crime prevention. These are presented to the Board for approval at their September meeting.

These include:

- Code of Conduct (including introductory message stressing the importance of compliance from the CEO)
- Gifts and Hospitality
- Anti-Financial Crime Policy; and
- Whistleblowing Policy and investigation process.

Allegations of financial crime are reported to the Audit Committee together with investigation outcomes and details of any action taken, which are disclosed to our external auditors. There were no confirmed cases of bribery, corruption, fraud, or business ethics violations during the year.

### Training and communications

Our comprehensive programme of training and internal communications continues with targeted messaging and interactive training sessions. This programme addresses the business's key compliance risk areas and has been designed to increase resilience, heighten awareness, and promote a culture of doing the right thing. From 2024, colleagues will be required to complete refresher compliance training (focussed on the Code of Conduct which signposts to all Group policies) on a yearly basis to ensure that continuous knowledge and understanding of our policies are maintained

### Whistleblowing policy - Speak Up

The Speak Up service encourages employees and our suppliers to raise concerns about suspected wrongdoing or unlawful or unethical conduct, explains how any such concerns should be raised and ensures that employees and suppliers are able to do so without fear of reprisal.

Our whistleblowing policy, investigator training programme and investigation process were reviewed and reapproved in March 2024. The whistleblowing policy now reflects the Ofwat best practice recommendations published in November 2023 and specifically encourages the reporting of:

- Endangering someone's health and safety.
- Anything that is against the law.
- Stealing or fraud.
- Corrupt or dishonest activity.
- Damage to the environment.
- Covering up wrongdoing.
- Abuse of authority.
- Intentionally misreporting to a regulatory body.
- Bullying, harassment and/or victimisation.
- Tax evasion of the facilitation of tax evasion.

The Speak Up service comprises telephone and web-based reporting channels operated for Pennon by independent provider NAVEX Global.

Following receipt of a report, the allegation will be triaged to assess if the issue is a personal grievance or has a wider public interest element, and an investigation started promptly if in the public interest to do so. The investigation process is overseen by the Ethics Management Committee and will be undertaken fairly, impartially, and thoroughly by appropriately trained investigators with strict confidentiality being maintained at all stages of the investigation. After each investigation, a confidential review is undertaken by the Head of Legal Compliance to identify any lessons learnt, or organisational improvements or training requirements.

Other improvements identified are always acted upon, while ensuring the paramount requirement of operating a whistleblowing process that protects the identity of individuals and the independence and integrity of the process. Our whistleblowing process is designed to support our staff, reflect shared responsibility, promote a positive culture, provide unique insights and is central to our system of checks and balances.

### Development of our purpose

During the year, we launched a new set of values which properly reflect who the Company is today and represent our people at their best. The new values were developed after intensive involvement and listening sessions with the Executive Board, the larger leadership group, colleague organisations such as the employee forum, and comprehensive colleague listening groups.

To ensure a successful launch and embedding of the new values, as well as to accelerate our cultural transformation, the strategy includes the development of a behavioural framework and training in workshop format for leaders and e-learning for all colleagues. More information on how the values will be immersed in the organisation can be found on page 30.

For 2024, the Reward Framework was refreshed reflecting changes to the Company composition, our commitment to supporting our colleagues' wellbeing and wider societal change.

## I Board leadership and Company purpose continued

### Our parent company – Pennon Group plc

Pennon Group plc is a UK FTSE listed company and owns 100% of the share capital of South West Water Limited. Further details of the governance arrangements are provided in this section of the Annual Performance Report and Pennon Group plc's Annual Report and Accounts

[annualreport.pennon-group.co.uk/documents/2024-Annual-Report.pdf](https://annualreport.pennon-group.co.uk/documents/2024-Annual-Report.pdf)

### Bristol Water and Bournemouth Water:

Bristol Water and Bournemouth Water are part of the regulatory ringfenced company, South West Water Limited, operating under a single licence of appointment.

Certain Bristol Water performance and other data is disclosed separately in line with our regulatory commitments made upon merger. We have indicated in this report where this has happened.

### SES Water:

On 10 January 2024, Pennon Group plc acquired 100% of the issued capital of Sumisho Osaka Gas Water UK Limited, the holding company of Sutton and East Surrey Water plc ("SES Water") and certain other ancillary businesses.

On 14 June 2024, the Competition and Markets Authority published its clearance of the merger of SES Water with South West Water. However, for the period covered by this Annual Performance Report SES Water was managed separately from South West Water and is not included in this report.

### Pennon Power:

Pennon Power has been established to develop, maintain and run renewable energy generation projects as the group moves towards its 2030 Net Zero commitment.

### South West Water's other active subsidiaries:

**South West Water Customer Services Limited** manages South West Water's billing, collections and customer contact activities (formerly Source Contact Management Limited).

**Peninsula Properties (Exeter) Limited** advises South West Water on property development opportunities.

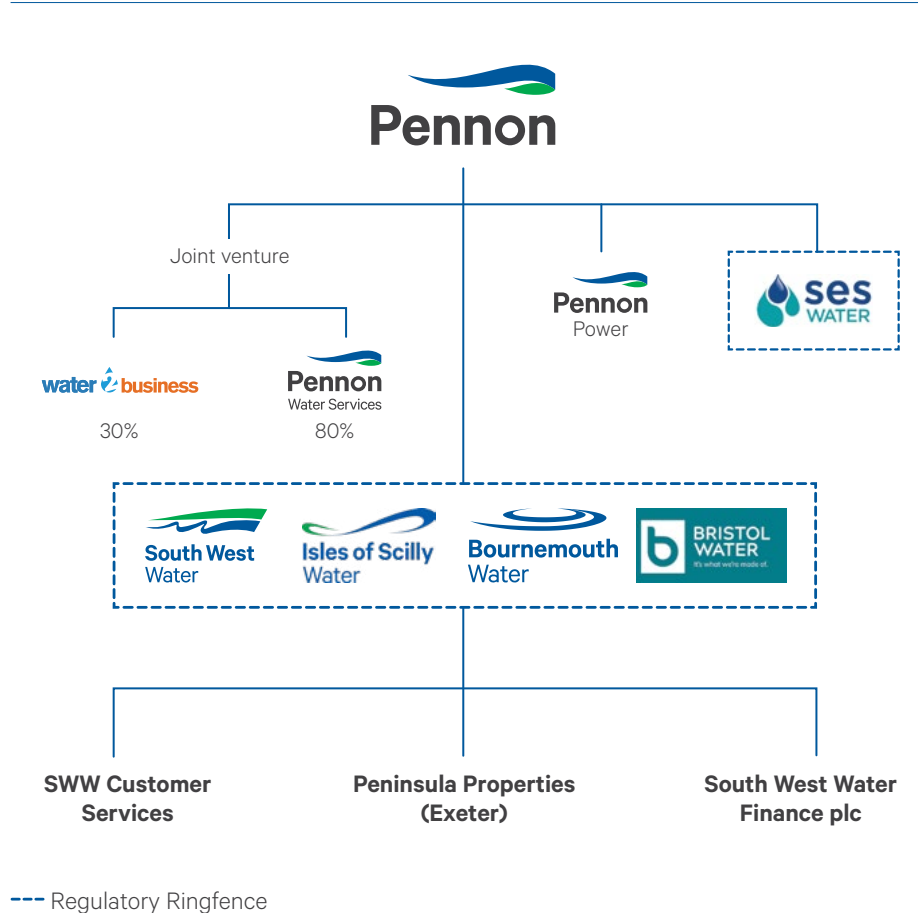
**South West Water Finance plc** acts as a financing company, raising borrowings for South West Water.

### Other significant associated companies:

**Pennon Water Services and water2business:** Pennon Water Services and water2business provide retail services to non-household customers. Whilst both part-owned by the wider Pennon Group, South West Water has in place robust policies and practices to ensure full competition compliance with the market codes for the non-household retail market.

The diagram (right) shows a summary of the group structure. It includes significant associated companies.

### South West Water's group context



--- Regulatory Ringfence

### Our vision

'Bringing water to life'



### Our purpose - Bringing water to life - supporting the lives of people and places they love for generations to come

As a purpose-led business, committed to the effective stewardship of the environment, we are shaped by our values and culture. We know that it's not only what we do, but how we do it that is really important for our customers, colleagues, communities and the environment - that's why we're focused on living our values, every day.



### Underpinned by the values we live by



We want you to bring your best every day. Be open and inclusive, work together and win as one team. Let your passion inspire those around you. Be authentic, make your mark and be you.



We want you to be the one we all look up to. Be trusted. Act with integrity and make good on your promises. Build trust, one relationship at a time. Be rock solid.



We encourage you to be curious and challenge convention. Share ideas with confidence and purpose, and help share our future. Embrace change. Drive progress. Own the challenge. Be the future.

### How the Board monitors culture

The Board plays a vital role in monitoring and assessing the culture of the Company and its alignment with the Company's purpose, values and strategy. During the year, the Board considered a number of areas that helped them to assess the development of the Company's culture.

Area assessed	How the Board monitors the culture
<b>Employee Engagement</b>	Great Place to work survey - The Board reviews the results and feedback from the periodic employee engagement survey and monitors how the areas of employees' focus are being addressed. RISE panel - Through the feedback and reports from the biannual meeting with the CEO and the people panel, RISE, the Board monitors wellbeing and topics that are of importance to employees. Big Chat - The executive team engages with all employees on all business topics and ensures that their views and opinion are shared with the Board.
<b>Workforce policies and practices</b>	The Board formally reviews the Company's workforce policies and practices to ensure these remain consistent with the Company's Purpose and Values and support the Company's long-term sustainable success. Gender and ethnicity pay gap - The Board monitors the culture on gender and ethnicity pay through review, assessment, and approval of the Gender and ethnicity pay gap report. Diversity and inclusion - The Nomination Committee monitors diversity and inclusion through regular updates and the Board fosters the Company's culture on diversity and inclusion through the review and approval of the Company Diversity, Respect and Inclusion policy. General pay conditions - The Board ensures that reward and pay arrangements supports a culture that is transparent, fair, and consistent to ensure that employees' trust is maintained and that talent is attracted and retained.
<b>Whistleblowing</b>	Speak Up - Employees raise concerns anonymously without fear of reprisal, with any significant concerns, following formal investigation are shared with the Audit Committee through the Ethics Management Committee and ultimately the Board.
<b>Health and safety</b>	Homesafe - This is monitored through regular updates on safety initiatives adopted for the achievement of the Company's 2025 strategic plan to be health and safety leaders in the water sector. Lost time injuries - Further updates on efforts to reduce injuries of our staff across all sites are assessed at the Health and Safety Committee and a 46% reduction in actual lost time injuries (employees and agency staff) was recorded in 2023/2024 compared to the previous year.
<b>Remuneration</b>	The Remuneration Committee is regularly provided with feedback from customer engagement which helps the Committee and the Board to monitor the culture on wider workforce pay, executive and CEO remuneration. The Committee reviews and approves the wider workforce Company Reward Framework, relevant policies and ensures that incentives and rewards aligns with culture. CEO pay ratio - The Board ensures that the CEO pay ratio is fair, balancing stakeholder expectations while rewarding leadership success.

## I Board leadership and Company purpose continued

### Compliance with Ofwat's principles and the UK Code – analysis by objective/provision and principle

South West Water is providing a detailed analysis of how we comply with Ofwat's Board principles of Board leadership, transparency and governance as well as the 2018 UK Corporate Governance Code (in the context of being a subsidiary of a listed company).

Details of how the Board has addressed Ofwat's principles (including links to more detailed sections of the Annual Performance Report and Regulatory Reporting) are provided below.

A summary of explanations of measures the Company has taken in areas where South West Water is unable to achieve full compliance with the 2018 UK Code due to its group context is provided on pages in the Annual Report and Financial Statements. A full summary of compliance by provision of the 2018 UK Code is provided in South West Water's Annual Report and Financial Statements.

### Ofwat Board leadership, transparency and governance principles (January 2019)

From 1 April 2019, Ofwat revised 'Board leadership, transparency and governance' principles have applied to South West Water. These were published following consultation by Ofwat in January 2019. The following table details how we comply with these principles, where we have taken additional steps during the year to comply, or indicates elsewhere in this Annual Performance Report where this detail is provided.

#### Objective 2.1 purpose, values and culture

The board of the Appointee establishes the company's purpose, strategy and values, and is satisfied that these and its culture reflect the needs of all those it serves.

##### Provision 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.

Our purpose is laid out in the 'Our Business model and strategy' on pages 4 and 5. This is developed to align with our regulatory business plans which are themselves based around the eight outcomes which our customers and other stakeholders have identified as their top priorities.

##### Provision ii.

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

'Business model and strategy' on pages 4 and 5 lays out our strategy, values and culture which have been developed in line with our purpose and the linkage is outlined in that section.

##### Provision 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.

All employees are provided with our Code of Conduct which outlines the behaviours expected in line with the values and culture which we expect. An independent 'Speak Up' whistleblowing process is made available to all staff to raise any relevant matters. These are reviewed by the Head of Legal Compliance and summaries of matters raised are then reviewed by the Board and corrective actions to any matter requiring correction are also reviewed. Further details are provided on pages 31 and 47.

##### Provision iv.

A company annual reporting explains the board's activities and any corrective action taken. It also includes an annual statement from the board focusing on how the company has set its aspirations and performed for all those it serves.

The activities of the Board are detailed on page 37. Page 33 details continued employee engagement.

The Risk and Compliance Statement on pages 68 to 70 focuses on how the Company has set its aspirations and performed for all those it serves.

#### Objective 2.2 standalone regulated company

The Appointee has an effective board with full responsibility for all aspects of the Appointee's business for the long term.

##### Provision 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 Board leads the Company both in terms of accountability and legitimacy and is responsible for the setting of and ownership of the Company's strategy together with the ability to make ongoing strategic and sustainable decisions in the interests of the Company for the long term.

Pennon endorses significant decisions impacting Group strategy.

These are detailed within the Governance section alongside detail of the operation of the South West Water Board. We believe this approach is compatible with this provision.

##### Provision 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 South West Water Annual Report and Financial Statements details the operation of South West Water's Audit, Remuneration, Nomination, Health and Safety and ESG Committees, each of which reports into the Board.

Other than in areas identified in this report as reserved for the parent company, final decisions are made by South West Water's Board and Committees.

##### Provision 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.

The role of the Board and updates on its activity during the year are detailed on page 37 and throughout the Governance section and it is fully focused on the activities of South West Water.

The approach to conflicts of interest including in respect of third parties is detailed on page 46.

## Ofwat board leadership, transparency and governance principles (January 2019) continued

### Objective 2.3 Board leadership and transparency

The board of the Appointee's leadership and approach to transparency and governance engenders trust in the Appointee and ensures accountability for their actions.

Regulated companies publish the following information in a form and level of detail that is accessible and clear for customers and stakeholders:

<b>Provision i.</b> An explanation of group structure.	See page 48.
<b>Provision ii.</b> An explanation of dividend policies and dividends paid, and how these take account of delivery for customers and other obligations (including to employees).	See page 100.
<b>Provision iii.</b> An explanation of the principal risks to the future success of the business, and how these risks have been considered and addressed.	See 'Managing our risks' pages 76 to 78.
<b>Provision iv.</b> 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.	These are included in the Governance section (pages 38 to 44).
<b>Provision v.</b> 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.	See pages 54 to 67.

### Objective 2.4 Board structure and effectiveness

The board of the Appointee 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.

<b>Provision i.</b> Boards and board committees have the appropriate balance of skills, experience, independence and knowledge of the company. Boards identify what customer and stakeholder expertise is needed in the boardroom and how this need is addressed.	See pages 38 to 44 for summaries of the Board and Committees.
<b>Provision ii.</b> Independent non-executive directors are the largest single group on the board.	The majority of the Board is comprised of Independent Non-Executive Directors (six of a total of nine Directors, including the Chair).
<b>Provision iii.</b> 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.	The Chair is independent of management, although is also the Chair of the parent company Pennon Group plc. There is a clear and explicit division of responsibilities between the Board and Executive, and a summary of their roles is provided on page 43.
<b>Provision iv.</b> 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.	See page 45.
<b>Provision v.</b> There is a formal, rigorous and transparent procedure for new appointments which is led by the nomination committee and supports the overarching objective.	See pages Nomination Committee Report in the South West Water Annual Report and Financial Statements.
<b>Provision vi.</b> 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.	Two new non-executive appointments have been made this year. When they are made, new Board members are provided with inductions. The Board receives training, including in respect of the roles of Non-Executive Directors throughout the year. Further details of their support and training are provided on page 46.
<b>Provision vii.</b> There is a majority of independent members on the audit, nomination and remuneration committees and the audit and remuneration committees are independently led.	Summaries of Committee membership and attendance is provided in the South West Water Annual Report and Financial Statements. Each of these Committees has a majority of Independent Non-Executive members.

# Remuneration committee report

**The role of the Remuneration Committee is to set and implement executive pay in a fair and socially responsible manner.**

Memberships	Role	Attendance
Claire Ighodaro	Chair	6
Iain Evans	Non-Executive Director	6
Loraine Woodhouse	Non-Executive Director	6
Dorothy Burwell	Non-Executive Director	6

## Role of the Remuneration Committee

- Ensure remuneration is aligned with the Company's strategy and reflects the values of the Company.
- Set and, in every third year, review the remuneration policy to ensure it remains appropriate, considering stakeholder views and best practice, supports attraction, retention and motivation of Executive Directors.
- Advise the Board on the framework of executive remuneration for the Company.
- Setting the remuneration for the Chair, the Executive Directors and senior executives of the Company and reviewing the remuneration arrangements of the wider workforce.
- Approve the design and determine targets for any performance-related pay schemes.
- Determine the appropriate outturn of any incentive arrangements.

## The Committee's focus for 2023/24

- Consider the remuneration and terms of engagement of the Executive Directors, senior executives and Chair of the Company and the remuneration of the wider workforce.
- Determine targets that remain stretching, relevant to the Company's strategy and values and reflect best practice and wider stakeholders' views.
- Consider incentive arrangements for 2025-30 reflecting Ofwat guidance and expectations for K8 Undertake the review of the remuneration policy, taking into consideration the Company's strategic goals, stakeholders views, regulatory commitments and evolving best practice.

The Committee's approach to Executive remuneration has always been underpinned by doing what is right for our customers, stakeholders, and the communities in which we operate and the environment. Our values and integrity are reflected in the decisions we make, and in focusing incentives on what matters most as a socially responsible business and providing transparency on outcomes. Whether you are a customer or the regulator, we all have a shared interest in ensuring water companies are performance driven, sustainable, financially resilient, mindful of our impact on the environment and able to make the substantial capital investment required in infrastructure to ensure the long-term viability of the sector. We continue to believe that the sector needs to be able to attract the high-quality talent required to lead large, complex organisations, by incentivising and rewarding management teams fairly for the outcomes achieved.

We are mindful of the views of the public and the regulator. Over the course of the year, I have engaged with Ofwat and sought feedback on our approach as well as contributing to wider sector considerations as to how executive remuneration can evolve to ensure that all stakeholders can see transparency and clarity in decisions on performance related pay.

Our ambitious business plan for the regulatory period 2025-30 was submitted to Ofwat on 2nd October 2023, detailing our largest ever investment of £2.8 billion in the region. The plan creates 2,000 jobs providing valuable careers, supporting customers and communities across the South West and the wider supply chain. Our customers, many of whom are also shareholders through our unique WaterShare+ scheme, engaged in the development of our plans, giving feedback and confirming what matters most to them now and for the future. The economic backdrop remains challenging and has impacted on our customers and colleagues.

Whilst there have been challenges, there has also been significant action in our delivery plan. Our progress on building water resources, means we are on track to break the drought cycle with additional reservoir capacity which will see increased supply of 45% in Cornwall and 30% in Devon by 2025. For the third consecutive year we are reporting 100% bathing water quality and have released WaterFit Live, keeping customers informed with real-time bathing water information. River water quality is equally important and water quality monitors have now been in place for 18 months with storm overflow improvements.

High inflationary impacts and energy costs remain challenging. Climate-related issues have also continued to dominate the landscape, but the Company continue to adapt to these pressures positively. With this challenging backdrop, we are mindful of the need to build and maintain trust on the sensitive topic of executive pay, by clearly demonstrating our commitment to socially responsible business.

## Wider Workforce Remuneration

We are committed to ensuring remuneration for our front-line colleagues is competitive, understanding that this is the right priority when the financial landscape is challenging. We are proud that we have been an accredited Living Wage Foundation payer since 2021, and in practice we had aligned our pay rates to these recommended levels for some time prior to accreditation. Our strong 2023 pay settlement ensured we remained in this position across the Company despite both Living Wage Foundation rates and National Minimum Wage rates increasing substantially.

The 2024 pay award reflects our most progressive pay award to date, continuing to focus on front line roles with an increase valued at 4.6% inclusive of 1 day additional holiday for the majority of colleagues. Those on salaries above £50,000 will receive an increase valued at 4.4% inclusive of holiday. We are proud that our employees will earn a minimum of £12.50 per hour, which not only aligns with, but exceeds the real living wage by almost £1,000 annually, underscoring our dedication to being an employer of choice.

During 2023/24 we updated our Group Reward Principles to reflect the broader strategy, evolving composition of the Group and recent acquisition activity which has expanded our workforce across multiple locations. Key areas of focus included the addition of new Group Values, strengthening wellbeing and incorporation of greater employee flexibility either in work patterns or in choices of lifestyle benefits. We also took time to reflect on our annual bonus for colleagues, ensuring clear line of sight between their objectives and the Group strategy, our customers and their communities. Our annual bonus plans allow our colleagues to share in the Group's success. We also offer highly competitive retirement benefits to our employees, which include additional life assurance protection.

Our HMRC-approved share schemes continue to be popular with c.50% of colleagues participating in either the ShareSave or Share Incentive Plan. We have once again provided expanded disclosure on our approach for the wider workforce, and this is set out on pages 58 to 59.

## Incentive Outcomes

Following guidance provided by Ofwat, we have taken steps to ensure that performance-related pay outcomes for the executive directors are funded at the Group level and will therefore not be funded by customers. As well as considering formulaic results against targets, the Committee also review outcomes in-the-round, utilising our holistic performance assessment framework to ensure that outcomes are considered from a number of perspectives. The portion of the annual bonus linked to outcomes for our customers, communities, and the environment is 70% consistent with regulator guidance with the balance based on a target linked to financial resilience. Further changes to the detailed assessment were made to capture feedback provided by Ofwat. The Committee carefully considered the formulaic outcome of the annual bonus of 36.2% of maximum and debated this at length. After applying the Committee's discretion framework in respect of South West Water's environmental and pollution performance and in recognition of the current external environment, the Committee determined that no bonus would be paid to Executive Directors in respect of the year. This was consistent with management's recommendation for a zero bonus outturn. Further details of incentive outcomes are set out in the main body of the report.



**Board Changes**

As at the date of publication, Laura Flowerdew has been appointed as CFO, enacting our internal succession plan. She replaced Steve Buck who stood down for personal reasons of 11th July 2024. Included in this remuneration report are the disclosures for the previous CFOs that were in post during the 2023/24 financial year.

**Implementation for 2024/25**

For 2024/25 the Executive Directors of South West Water and of Pennon Group have been awarded salary increases of 4%. This is below the average increase awarded to the wider workforce, where increases ranged from 4% to 4.2%, with increases at the upper end of this range focused on our lowest earners. With an additional day of holiday, overall value ranges from 4.4% to 4.6%.

In light of evolving Ofwat guidance the Committee is currently undertaking a review of targets for variable incentives. Consistent with the approach taken in prior years, the annual bonus will seek to include metrics that suitably capture long-term financial resilience as well as metrics which are directly linked to matters of importance for our customers, communities and the environment. Annual objectives are deemed to be commercially sensitive, and consistent with prior years full details of the metrics and targets will be disclosed in next year's Directors' Remuneration Report.

In 2023 the LTIP awards were adjusted to respond to both Ofwat guidance and the feedback from our stakeholders. While the current intention is to maintain a broadly similar structure for the 2024 awards, the detail is yet to be finalised as the Committee is keen to ensure that the targets suitably reflect the objectives for the next regulatory cycle and evolving Ofwat guidance. Once finalised, we intend to publish the targets on the Company's website.

Performance-related pay outcomes for the executive directors will be funded at Group level and will not be funded by customers. The Remuneration Committee remains committed to implementing a measured and responsible approach to executive pay, whilst also recognising the challenging roles of our Executive Directors. As a Committee, we are acutely aware of our responsibility to do the right thing and this has been reflected in decisions made.

# Directors' remuneration report

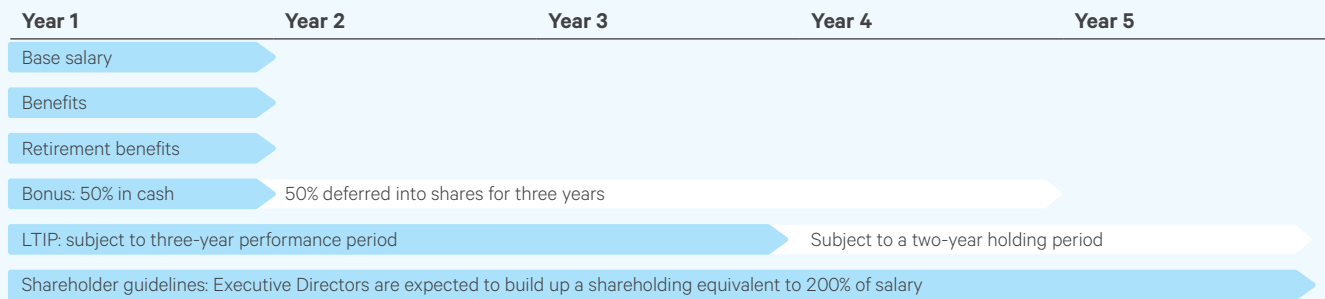
## Remuneration aligned to delivery for our customers.

Significant portion of executive remuneration is linked to performance:

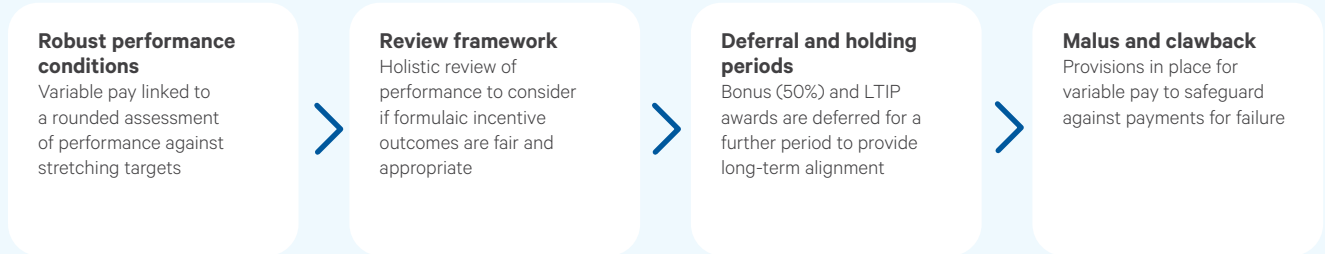
- Incentive linked to underlying performance
- Performance pay – appropriately aligned with customer interests with bonus and LTIs having a substantial link to stretching performance delivery for customers
- Focus on customer and operational metrics assessed by Ofwat, our customer, communities, and wider stakeholders
- Incentives designed to motivate delivery of sustainable performance
- Safeguard mechanisms in place to ensure outcomes reflect underlying performance.

### At a glance

#### What is the structure of executive pay?



#### What safeguards are in place?



#### How does executive pay link to our strategy?

Performance measures	Customer measures	Responsible Business	Environment & Pollutions	Water Quality & Resilience	Financial Resilience
Strategic pillars	(1,2,3,4)	(1,2,4)	(1,2,3,4)	(1,3)	(1,2,3,4)
2023/24 bonus	✓	✓	✓	✓	
2023 LTIP	✓		✓		✓

#### Our strategic pillars:

- (1) Water Supply & Resilience
- (2) Storm Overflows & Pollution
- (3) Environmental Gain & Net Zero
- (4) Addressing Affordability & Delivering for Customers

# Annual report on remuneration

For 2023/24, none of the statutory Directors received an annual bonus. All incentives and arrangements are funded by the Group and not customers.

John Halsall, Chief Operating Officer, joined the Board of South West Water Ltd on 10 July 2023, however details of his remuneration for the full year have been disclosed for full transparency. John Halsall is remunerated in line with the Remuneration policy approved under PR19 and Ofwat guidance.

Susan Davy, Chief Executive Officer is an Executive Director of Pennon Plc and South West Water Ltd. Steve Buck who joined the Pennon Board on 27th November 2023, succeeded Paul Boote as Chief Financial Officer of Pennon Plc and South West Water Ltd. Steve joined the South West Water Board on 1st January 2024. Their remuneration is set by the Pennon Group Remuneration Committee and in accordance with the Pennon Group remuneration policy, and is detailed in the Pennon Group Annual Report 2023.

Full details of the implementation for 2024/25 can be read in the [Pennon Group Annual Report 2024 on pages 161 to 170](#).

## Overview summary of the South West Water Directors' Remuneration policy and implementation in 2023/24

The current South West Water Directors' remuneration policy was set in 2023. The full policy is contained in the 2023 South West Water Annual Performance Report on the Company's website. A summary of the policy is set out below alongside detail on how it will be implemented during 2024/25.

Element	Operation	Implementation
<b>Base Salary</b>		
Set at a competitive level to attract and retain high calibre people to meet the Company's strategic objectives in an increasingly complex business environment.	Salaries are generally reviewed annually, and any changes are normally effective from 1 April each year. In normal circumstances, salary increases will not be materially different to general employee pay increases.	A 4% increase was awarded. Their salaries are shown below reflecting the values cross-charged to South West Water for 2024/25: Chief Operating Officer – £380,744 Group Chief Executive Officer – £357,903 Group Chief Financial Officer – £342,160
<b>Benefits</b>		
Benefits provided are consistent with the market and level of seniority to aid retention of key skills to assist in meeting strategic objectives.	Benefits currently include the provision of a Company vehicle, fuel, health insurance, income protection and life assurance. Other benefits may be provided if the Committee considers it appropriate.	Benefits remain unchanged for 2024.
<b>Pension-related benefits</b>		
Provides funding for retirement and aids retention of key skills to assist in meeting the Company's strategic objectives.	The maximum annual pension contribution or cash allowance is in line with the contribution available to the wider population.	Executive Directors receive retirement benefit of 10% of salary, which is aligned with the maximum rate available to the wider workforce.
<b>Annual bonus</b>		
Incentivises the achievement of key performance objectives aligned to the strategy of the Company.	The maximum bonus potential is 80% of salary for the SBB Executive Directors.  A portion of any bonus is deferred into shares in the Company which are normally released after three years. Normally 50% is deferred. Malus and clawback provisions apply.  The policy for the annual bonus for the Group Executive Directors can be found in the Pennon Group Annual Report and Accounts 2024.	In light of evolving Ofwat guidance the Committee is currently undertaking a review of the annual bonus. Consistent with the approach taken in prior years, the annual bonus will seek to include metrics that suitably capture long-term financial resilience as well as metrics which are directly linked to matters of importance for our customers, communities and the environment. Annual objectives will be disclosed in next year's Directors' Remuneration Report.

## I Annual report on remuneration continued

Element	Operation	Implementation
<b>Long-Term Incentive Plan (LTIP)</b>		
Provides alignment to the achievement of the Company's strategic objectives and the delivery of sustainable long-term value.	<p>Annual grant of conditional shares (or equivalent). Share awards vest subject to the achievement of specific performance conditions measured over no less than three years. In addition, a two-year holding period will apply in respect of any shares which vest at the end of the three-year performance period following.</p> <p>The Committee review not only the performance measures, but a holistic review of Company performance when opining on the vesting level. This underpin allows the Committee to reduce or withhold vesting if the Committee is not satisfied with the underlying operational and economic performance of the Company. Malus and clawback provisions apply.</p> <p>The policy for the Long-Term Incentive Plan for the Group Executive Directors can be found in the Pennon Group Annual Report and Accounts 2024.</p>	<p>Maximum award of 75% for South West Water Chief Operation Officer.</p> <p>While the current intention is to maintain a broadly similar structure to 2023 awards for the 2024 awards, the detail is yet to be finalised as the Committee is keen to ensure that the targets suitably reflect the objectives for the next regulatory cycle and evolving Ofwat guidance. Once finalised, we intend to publish the targets on the Company's website.</p>
<b>Discretion</b>		
In line with the 2018 Corporate Governance Code, the Remuneration Committee has ensured that it will maintain the ability to override the formulaic outcomes for future awards under the annual bonus and LTIP where the outcomes are not considered by the Committee to be appropriate (e.g. unreflective of underlying performance). The Committee will disclose the use of any such discretion.		
<b>Shareholding requirements</b>		
Create alignment between executives and shareholder and promote long-term stewardship	During the course of their tenure, Executive Directors are expected to build up a shareholding equivalent to a percentage of salary.	200% of salary for the Pennon Group Executive Directors.
<b>All-employees share plans</b>		
Align the interests of all employees with Company share performance.	<p>Executive Directors may participate in HMRC approved all-employee plans on the same basis as employees.</p> <p>The maximum is as prescribed under the relevant HMRC legislation governing the plans.</p>	No changes.
<b>Non-Executive Director fee policy</b>		
Set at a market level to attract Non-Executive Directors who have appropriate experience and skills to assist in determining the Company's strategy.	<p>Non-Executive Directors normally receive a basic fee and an additional fee for any specific Board responsibility such as chair of a Committee or occupying the role of Senior Independent Director.</p> <p>Expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid for directly by the Company (including any tax due on the expenses). The Chair's benefits include the provision of a driver and vehicle, when appropriate for the efficient carrying out of her duties.</p> <p>The Non-Executive Directors' fees are set by Pennon Group plc and 70% of these fees are recharged to South West Water through Group recharges. The fee structure and policy for the Non-Executive Directors can be found in the Pennon Group Annual Report.</p>	<p>A 4% uplift to the fee policy was implemented for 2024/25 as shown below:</p> <p>Chair fee £174,619 Basic Non-Executive fee £46,992</p> <p><b>Additional fees</b></p> <p>Senior Independent Director £7,763 Chair of Audit Committee £11,641 Chair of Remuneration Committee £10,098 Chair of ESG Committee £10,098 Chair of Health and Safety Committee £3,882</p>

**Remuneration approach for wider employees**

The Remuneration Committee considers oversight of remuneration for the wider workforce as a key element of its remit and considers this when making decisions regarding remuneration for the Executive Directors. The Committee reviews a report on employee remuneration twice a year, either through a pay dashboard, which contains information on elements of financial and nonfinancial reward, the wider labour market, demographics and pay statistics across the organisation or through a subject specific paper. This detail provides important context to ensure that a consistent approach is adopted across the Group workforce including the Executive Directors. Developments in the financial and non-financial elements of the employee proposition are reviewed regularly, as well as share scheme participation and emerging reward trends. The Committee reflects on the position of our gender and ethnicity pay. Feedback to the Committee from employees is through RISE - our employee engagement forum through the Executive Directors on matters concerning remuneration arrangements.

**Reward strategy**

Our well-established People Strategy across the Group is centred around talented people doing great things for customers and each other and creating the best place to work. The Reward strategy and framework which was established in 2019 has been reviewed and updated during 2023/24. The updated framework reflects our changed Group composition, our latest business strategy and plans and changing employee expectations. The new Company values (see page 21) are incorporated. The framework will continue to set our approach for future developments in the reward landscape for colleagues. Pennon's Group Reward Strategy continues to have three aims:

**Aim 1**

Ensure reward decisions will support:

- Our business strategy for delivering to customers and communities, and promoting long-term sustainable growth
- Our People strategy and values
- Our alignment to stakeholder expectations

**Aim 2**

Ensure the reward package offered to employees is:

- Designed and delivered fairly
- Set up to enable the business to attract and retain the talent that it needs to be successful
- Supports employee engagement and motivation
- Allows employees to hare in Company success

**Aim 3**

Clearly communicate to relevant stakeholders our employee reward and recognition principles and framework

**Reward Framework**

Our reward framework supports our people strategy.

**Our Group People Strategy**

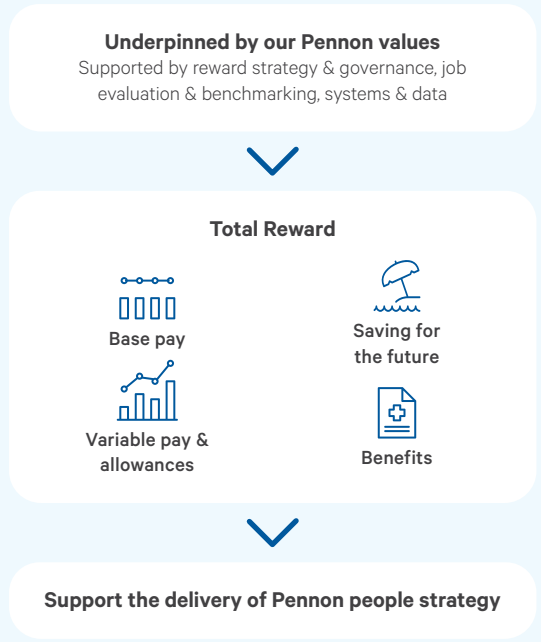
We have an approved people strategy which outlines our priorities and aspirations.

The role of reward underpins our people strategy, proactively supporting our ambition to be an employer of choice, able to retain top talent and drive business success, rather than a stand-alone strategic element



**Total Reward**

Our people strategy is supported by our reward principles, which deliver our overall total reward framework:



## I Annual report on remuneration continued

### Recognition principles and framework

Rewarding our colleagues Salary increases for wider workforce As in 2023, we have focused our pay spend on those colleagues who have needed most support during the cost-of-living crisis. The 2024 pay award continues to focus on front line roles with an increase valued at 4.6% inclusive of 1 day additional holiday for the majority of colleagues. Those on salaries above £50,000 receive an increase valued at 4.4% inclusive of holiday. We are proud that our employees will earn a minimum of £12.50 per hour, which not only aligns with, but exceeds the real living wage by almost £1,000 annually, underscoring our dedication to being an employer of choice. For colleagues covered by collective pay bargaining, the award remains subject to ballot.

During the year, we have completed a pilot of new working patterns in our drinking water function. This has been designed with our colleagues and union representatives to enable teams to benefit from a greater level of guaranteed pay whilst providing the business with more pro-active resource availability and less dependence on call out arrangements which can be disruptive to family life. We will continue to evaluate work patterns for the mutual benefit of customers, colleagues and operational needs during 2024.

### Wider workforce bonus arrangements

All colleagues across the Group are eligible to participate in variable pay schemes. Senior bonus arrangements follow the model applied to the Executive Directors for their annual bonus incentive. For the wider workforce, bonus arrangements were reviewed in 2023/24 with a new scheme taking effect from 1st January 2024. The new scheme has been constructed to reflect stretching targets which support delivery of our Business Plan for 2025-2030, focusing on water quality and resilience, storm overflows and pollution, our net zero agenda and customer service and affordability. The scheme maintains a measure for our imperative of all colleagues going HomeSafe each and every day.

### Financial wellbeing and wider benefits

We offer a comprehensive range of benefits which have been extended over the past two years to include the roll out of a financial well-being and education partner for colleagues and their families. This includes an ill-health income protection policy which has provided support to a number of colleagues in 2023/24. We continue to operate a range of discounts, green initiatives and services to enhance our employee proposition.

### Saving for the future

We know that our colleagues value our responsible approach to pension contributions. We are pleased that despite the cost-of-living crisis, 95% of colleagues continue to participate in the defined contribution schemes. Our ShareSave scheme was again launched in 2023, continuing to support our belief that employees should have a stake and say in the business. The ShareSave sits alongside our evergreen Share Incentive Plan providing employees with monthly share purchase from pre-tax salary. The 2023 ShareSave scheme received strong support from our colleagues. We have seen strong growth in participation in the SIP this year of c.30%.

### Living Wage Foundation

We continue to pay above the Living Wage Foundation rates for all roles excluding those colleagues who are on our apprenticeship arrangements. Our accreditation as a Living Wage Foundation employer has been maintained since 2021. We continue to focus our pay spend on lower paid roles and are proud that for 2024, our employees will earn a minimum of £12.50 per hour, which not only aligns with, but exceeds the real living wage by almost £1,000 annually, underscoring our dedication to being an employer of choice.

### Wider workforce remuneration dashboard

In accordance with the 2018 UK Corporate Governance Code, the Committee reviews the level of information provided on pay matters in the wider organisation. The Wider Workforce Remuneration Dashboard provides the Remuneration Committee with an overview of the approach to pay across the Group, supplemented with topic specific papers:

- Helps support the Committee in reviewing workforce remuneration and related policies which continually evolves to provide greater insight.
- Provides an overview of pay arrangements across the business and key statistics on pay in different areas of the business.
- Updates on progress on our Reward Strategy implementation.
- Has oversight of the wider remuneration landscape to provide external context and industry specifics to inform on our benefits.
- Provides information on workforce demographics, gender pay, pay ratios, pension and benefits and incentive outcomes in different areas.

The Committee intends to keep the content of the dashboard under review to ensure it remains suitable.

## Highlights

### Base Pay

The Company's overarching principles for basic pay are as follows:

- Base pay should reflect the level of skills, responsibilities and accountabilities of the job, plus the market and region in which the business area operates.
- We should maintain a market competitive edge to attract and retain talent. Market benchmarking against recognised surveys is conducted regularly.
- We should maintain our status as an accredited Real Living Wage Employer, guaranteeing base pay at or above the Living Wage Foundation rates.
- We should review pay annually with any resulting award being subject to affordability and business performance.
- We should ensure all roles are mapped to a pay band and publish the broad pay bands by work level on the Company's intranet annually from 2024.
- We should engage with RISE, the WaterShare Customer Panel and Recognised Trade Unions on pay decisions.
- We should undertake equal pay and gender/ethnicity pay analysis from time to time to ensure we comply with current equality legislation and provide equal total reward opportunities for roles of equal value.

### Variable pay

South West Water operates variable pay schemes, including annual bonus arrangements and all employees and temporary workers are eligible to participate. Throughout bonus schemes, there is strong correlation in the targets, to align the whole organisation on goals linked to customer, communities and the environment. The maximum bonus levels are based on seniority and level of responsibility. At leadership level a portion of the bonus is deferred into shares for three years.

Long-term incentive share awards are available to senior executives and Executive Directors, consistent with market practice. Our front-line teams receive overtime, call-out and standby payments, ensuring that when workloads are high, employees are fairly compensated. We remain mindful of the need to balance working hours, customer demand and available resource against the health, safety, wellbeing of our colleagues and following a successful pilot earlier in the year, our overarching principles on variable pay are as follows:

- Provide every colleague with the opportunity to earn an element of variable reward using appropriate mechanisms for different colleague populations, as agreed by each business area.
- Have clear communication on rationale, purpose, performance measures, pay-out calculation and other rules for the variable pay schemes, to ensure colleagues fully understand their total reward opportunities.
- Ensure the performance measures included in the balanced scorecard are aligned to our business strategy, values and take into consideration the views of customers, regulators and other key stakeholders.
- Encourage colleagues to have share ownership through variable pay.
- Remuneration Committee or relevant Executive Committee can apply appropriate discretion to bonus outturn, considering the 'how' as well as the 'what'.

### Saving for the future

We offer highly competitive retirement benefits to our employees, which include additional life assurance protection. Membership of the Group pension scheme remains high with c.95% participation rate in our Defined Contribution (DC) scheme. As part of our Saving for the Future, all employees can participate in our HM Revenue and Customs-approved Sharesave and Share Incentive Plan, with a strong emphasis on employee buy-in and ownership. Not only do our share schemes provide a mechanism for sharing in the long-term success of the Group but mean that colleagues and customers have a say and stake in the business.

Our overarching principles on Saving for the future are as follows:

- Provide every colleague with the opportunity to build up share ownership.
- Clearly communicate and promote the existing share schemes to ensure maximum participation.
- Ongoing exploration of HRMC approved tax advantaged share scheme opportunities for broader offerings.
- Provide every colleague with the access to our Defined Contribution pension scheme with the choice of employee/employer contribution levels.
- Provide company matching in our Defined Contribution pension scheme to further support our colleagues saving for retirement.
- Provide access to a fully interactive pension administrative platform and drop in sessions to ensure employees understand the offering and implications to make informed decisions.
- Comply with the government required pension enrolment requirements.

### Benefits

We operate a range of benefits of which the majority are available to all colleagues. These are selected for their ability to enable colleagues to get the best value from their salary such as discounts, to ensure a work life balance which supports both family life and outside interests through generous holiday entitlements or those designed to bring financial security such as income protection or life assurance. A range of advisory services are available to support colleagues on occasions where additional support is needed, including financial support, health and wellbeing, legal advice and a range of employee led support groups. From time to time, there may be necessary exceptions that apply to our core benefits, reflecting TUPE transfers or preserved contractual benefits. The principles for our benefits are as follows:

- Operate a set of core Group-wide benefits for all colleagues, and a wide range of other additional offerings to enable colleagues select the most appropriate benefits tailored to their needs.
- Ongoing evaluation of the effectiveness of the benefits offering, ensuring we take full advantage of our Group-wide purchasing power with benefits providers, and we are aligned with our Fair Tax Strategy and HRMC guidelines.
- Actively engage with employees to understand their needs to continue shaping our benefits proposition.
- Adopt technology to enable easy access to our benefits from home or work.
- Continue to focus on developing our wellbeing and flexible working provisions, and explore additional benefits provision opportunities to support our broader ESG agenda (e.g. green voluntary benefits, volunteering days etc.).

## I Annual report on remuneration continued

### Gender and Ethnicity pay reporting

We recognise our duty to contribute positively to society by cultivating an environment that promotes social mobility, prioritises diversity and inclusion, and ensures equitable treatment for all employees. Our aspiration is to become the Employer of Choice across our region, where trust is paramount, and every individual is valued for their contributions. Transparency lies at the heart of our commitment to diversity and inclusion. Reporting serves as a vital instrument in our journey towards openness, allowing us to candidly assess the gender and ethnic diversity within our workforce. Moreover, it enables us to share the proactive measures we have implemented and will continue to pursue to enhance diversity across all levels and roles within our organisation. We understand that fostering an inclusive workplace is imperative not only for attracting talent but also for retaining our valued colleagues and because it is the right thing to do.

In line with our Change the Race Ratio commitments, we voluntarily publish our Ethnicity Pay Gap data. The results reflect our journey in building representation of ethnic minority groups and gender diversity, noting that the South West, where a large proportion of our business is based, has a lower diversity mix than other parts of the UK. Our ethnicity pay gaps is 11.05% for South West Water as at the snapshot date 6th April 2023, an improvement of 6.67% compared to the prior year. Across the Company we have been working hard to attract a greater number of ethnically diverse candidates to apply for job vacancies, and we offer dedicated support to new employees through our graduate programme and support the 10,000 Black Interns Programme. We will continue to work to progress our diversity actions to build greater representation.

The mean gender pay gap for South West Water was 6.72% on the snapshot date of 6th April 2023 a slight increase from 5.36% in the 2022 report. This data set now incorporates Bristol Water, which had previously reported a gap of 15.9% and does reflect continuing progress. There has been a notable rise in female representation in more senior roles within South West Water with female representation in the upper quartile now at 23.6%, improving 19.1% for South West Water and 15.9% for Bristol Water.

The median gender pay gap which compares the remuneration of the 50 percentile female and male colleague, also shows significant progress at 9.1%. We continue to see a negative mean bonus pay gap of -34.53%. This is attributed to the increased female representation in the upper quartile where higher bonus levels can be earned.

During the year we have been recognised for our progression in gender equality by external bodies. Our placement in the FTSE Women Leaders Review 2024 was third for female Board representation in the FTSE 250 and 21st overall for female participation at combined Executive Committee and leadership level.

We are committed to deliver on our ambitions to build diversity and inclusion across the Company and the water industry.

### Colleague engagement

RISE, our people forum has now been in place for 2 years, providing two-way dialogue for all colleagues across the Group. The forum is regularly attended by senior leadership including the Chief Operations Officer, South West Water Director of People and Culture, the Group Chief Executive Officer and other members of the senior leadership. RISE is now embedded as an established group provoking healthy debate and discussion on areas that matter to employees. Engagement survey results and action planning are a discussion area for this Company and representation remains strong with a RISE member for every 30 employees. This group continues to be a key source of dialogue and employee views for shaping future reward developments. The Committee is kept informed of themes and feedback from RISE discussions.

### HomeSafe

Making sure our colleagues and contractors get HomeSafe every day is fundamentally more important than remuneration. However, how we measure our performance, reward colleagues living by our values and the culture we create, has a direct influence on the health and safety of each other and we will continue to support this important initiative through our wider workforce remuneration principals and Executive Remuneration policy.

	John Halsall <sup>1</sup> (£000)		Susan Davy <sup>2</sup> (£000)		Steve Buck <sup>2</sup>		Paul Boote <sup>2</sup>	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Base salary	366	-	344	333	82	-	168	164
Benefits <sup>3</sup> (including Sharesave)	30	-	14	14	3	-	5	8
Pension-related benefits <sup>4</sup>	37	-	34	32	8	-	17	16
Total fixed pay	433	-	392	379	93	-	190	188
Annual bonus (cash and deferred shares) <sup>5,6</sup>	Nil	-	Nil	Nil	Nil	-	Nil	Nil
Long-Term Incentive Plan <sup>5</sup>	n/a	-	Nil	Nil	n/a	-	Nil	Nil
Total variable pay	Nil	-	Nil	Nil	Nil	-	Nil	Nil
Total remuneration	433	-	392	379	93	-	190	188

1 John Halsall was appointed to the South West Water Board as Chief Operating Officer effective 10 July 2023. The remuneration shown above relates to the full year. John Halsall received a bonus in respect of 2022/23 of £43,556. £36,512 was the amount forfeited from prior employment which was honoured as part of the joining arrangements and the balance was earned in John's role during 2022/23 and prior to his appointment to the Board in July 2023. This was not awarded until confirmation of the bonus amount was received from his previous employer, with the cash portion settled in December 2023 and the share portion in November 2023. Of the total amount, 50% was settled in Pennon Group shares, with a deferral of 3 years and 50% awarded in cash. This is not included in the single figure table as it does not relate to his services as a Director of South West Water Ltd.

2 Susan Davy was appointed as Chief Executive Officer of Pennon Group plc and South West Water as of 31 July 2020. Steve Buck was appointed as Chief Financial Officer of Pennon Group plc on 27 November 2023 and South West Water from 1 January 2024 succeeding Paul Boote who served as Chief Financial Officer of Pennon Group plc from 8 July 2020 and South West Water from 1 September 2022 until he stepped down from his Board appointments on 31 December 2023. The fixed pay figures shown in the table are those re-chargeable to South West Water through Group re-charges (70% of fixed remuneration). Reflecting the nature of their Group position all subsidiaries receive a cross-charge for fixed remuneration. The remuneration for the CEO for 2022/23 has been restated to show the combined cross-charge to South West Water and Bristol Water (previously disclosed in each respective Annual Report for 2022/23), enabling comparison on like for like basis. The full single total figure of remuneration table is shown on page 168 of the Pennon Group plc Annual Report and Accounts 2024 as well as Steve's joining arrangements and Paul's departure arrangements on page 162 and 163. These arrangements are funded by Pennon Group.

All variable incentives are fully funded by Pennon Group.

3 Benefits comprise a car allowance, fuel allowance and medical insurance and for John Halsall temporary accommodation support for four months of 2023/24, agreed as part of his joining arrangements.

4 Retirement benefits for the Chief Operating Officer are shown on page 63 of this report, with details for the Group Executive Directors shown on page 162 of the Pennon Group Plc Annual Report and Accounts 2024.

5 As detailed in the 2023 report, the Chief Executive Officer chose to forgo her annual bonus and the vesting LTIP for 2022/23. An equivalent value was diverted to a future issuance under the Group's WaterShare+ scheme.

6 For 2023/24, in recognition of the current external environment, the Committee determined that no bonus would be paid to Executive Directors (of both Pennon Group and South West Water Ltd) in respect of the year. This was consistent with managements recommendation for a zero bonus outturn. Further details of the annual bonus and LTIP awarded to the Pennon Group Executive Directors are shown on page 166 of the Pennon Group plc Annual Report and Accounts. Neither John Halsall or Steve Buck were participants of the 2021 LTIP.

### Notes to the single figure table

No annual bonus was paid to the Executive Directors of South West Water or Pennon Group in respect of 2023/24. Incentive arrangements for the Executive Directors, when paid, are funded by the Pennon Group and are not re-charged to South West Water customers. John Halsall is not entitled to an award under the vesting 2021 LTIP.



**Annual bonus outturn for 2023/24**

No bonus is payable to the Executive Directors of Pennon Group in respect of 2023/24. Variable incentives are not paid for by customers, but are instead funded by shareholders.

Full details of the remuneration relating to Executive Directors who are also Pennon Executive Directors can be found in the [Pennon Annual Report and Accounts on pages 148 to 170](#). The Pennon Executive Directors’ annual bonus for the 2023/24 financial year and the long-term share awards (LTIP) granted in 2021 subject to three-year performance to 31 March 2024, were each based on scorecards intended to capture a rounded assessment of overall performance. The Group Executive Directors are currently remunerated for delivery of the Group strategy, including Pennon Water Services, Water2Business, Pennon Power and the respective licensed water businesses, which will now include SES Water, in one plan. The measures for 2023/24 were adjusted as detailed above in response to Ofwat guidance.

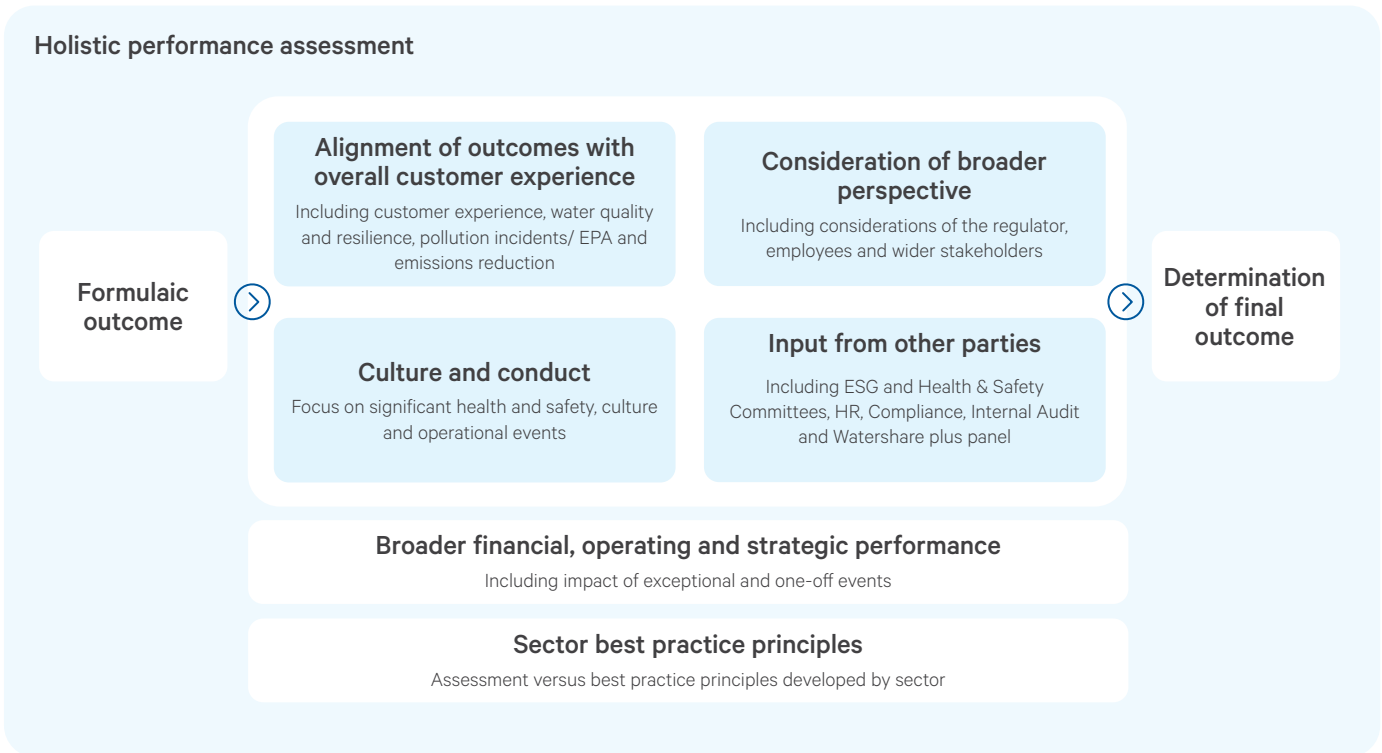
**South West Water**

No bonus is payable to the Executive Directors of Pennon Group in respect of 2023/24.

Consistent with prior years, the South West Water bonus in which the Chief Operating Officer participates, is based on a rounded assessment of performance. In line with regulatory guidance, 70% of the bonus is linked to delivery of stretching objectives for our customers, communities and the environment.

The bonus includes a profit measure which ensures that the Company maintains a focus on financial resilience, enabling us to invest in the future and deliver robust and sustainable performance for all of our stakeholders.

Consistent with prior years the Committee also undertook a holistic assessment of performance in order to determine whether the formulaic outturn remains appropriate in the context of broader performance. This review considers performance from a number of different perspectives. For 2023/24 performance the Committee also considered the outcome against best practice principles recently developed in collaboration with sector peers. The framework used in this assessment is summarised below.



The Committee carefully considered the formulaic outcome of the South West Water annual bonus of 36.2% of maximum and debated this at length. After applying the Committee’s discretion framework in respect of South West Water’s environmental and pollution performance, it was decided to reduce the formulaic outturn to 29.4%. Furthermore, in recognition of the current external environment, the Committee determined that no bonus would be paid to the South West Water Executive Directors in respect of the year. This was consistent with managements recommendation for a zero bonus outturn.

## I Annual report on remuneration continued

### Summary of bonus outcome

Measure	Weighting	Target	Achievement	Outcome	
<b>Financial resilience</b>					
Underlying PBT	30%	Threshold – £29.6m Maximum – £31.71m	Outcome (£19.2m) impacted by inflation impact on debt instruments	0%	
<b>Customer and environment</b>					
Basket of SBB environmental and customer metrics	28%	Various – see below for further details		11.2%	
EPA	7%	Towards 4★	Below hurdle (2★) – nil payout	0%	
Pollutions Cat 1-2	5%	Amber and above	Within range – Amber – nil payout	0%	
Pollutions Cat 1-3	5%	64	Below hurdle – nil payout	0%	
Water Resource & Resilience	3%	Water resource storage to achieve 90%	Ahead of schedule	3%	
Enabling Biodiversity (catchment management)	3%	Progress of K7 target 13,000	Above target	3%	
Bathing Water Quality	4%	98% - 100%	100%	4%	
<b>Responsible business</b>					
Social and governance	15%	Sustainalytics - 80% Fair Tax - maintain Sustainable Financing - 75% Health and Safety - 20 LTIs GHG emissions - 68% reduction Renewables generation - 8%	Sustainalytics – 82.5% Fair Tax – maintain Sustainable Debt – 82% Health & Safety – 15 LTIs GHG emissions – above target Renewables generation – within range	15%	
				<b>Formulaic outturn</b>	<b>36.2%</b>
				<b>Amount payable</b>	<b>0%</b>

### South West Water and Bristol Water Industry Metrics

Measure	Target - South West Water	Achievement - South West Water	Target - Bristol Water	Achievement - Bristol Water
C-Mex	Median	Below target	Median	Above target
PSR - Reach	3 measures	Above target	3 measures	Above target
Leakage (3 year)	109.3	Above target	33	Below target
PCC	138.7	Within range	141.3	Within range
Supply interruptions	5m 0s	Below target	5m 0s	Below target
CRI	2	Below target	1.5	Below target
Mains Repairs	136.6	Above target	132.7	Above target
Unplanned outage	2.34	Above target	100%	Within range
Internal Flooding	1.44	Above target	2.34	–
Cat 1 - 3 Pollutions	22.4	Below hurdle	–	–
Sewer collapses	14.76	Above target	–	–
Numerical compliance	Maintain high performance	Within range	–	–

### Long-term incentive outcome for 2023/24

The Long-Term Incentive Plan arrangements and vesting outcome for the Executive Directors of Pennon and South West Water are detailed in the [Pennon Group Annual Report and Accounts on page 161](#). The awards in the single figure table relate to the awards granted on 1 July 2021, which are due to vest on 1 July 2024. The performance measures applicable to these awards reflect the nature of their Group roles and are based on Sustainable Dividends (33%), RORE (33%) and Customer Experience (33%). The vesting level for the awards is 60.2%. The cost of this is not paid for by customers and is met in full by Pennon.

The Chief Operating Officer is not a participant of the 2021 LTIP.

### Retirement benefits and entitlements (Audited information)

Details of the retirement benefits for the Executive Directors are shown on [page 162 of the Pennon Group Annual Report and Accounts 2023](#). Both receive a maximum of 10% of salary, in line with the level available for the wider workforce.

Details of the South West Water Chief Operating Officer's pension entitlements and pension related benefits during the year are as follows. Effective 1 August 2021, the maximum pension contribution made by the Company to newly appointed Directors is 10% of salary:

	Contributions to defined contribution arrangements (£000)	Cash allowances in lieu of pension (£000)	Total value for the year	Normal retirement age and date (for pension purposes)
John Halsall <sup>1</sup>	17	20	36	65 (29 April 2031)

1. John Halsall received an overall pension benefit from the Company equivalent to 10% of his salary for the year. For 2023/24 this comprised an employer's contribution of £17,084 and a cash sum of £19,525. He is a member of Pennon Group's defined contribution pension arrangements and is entitled to access the retirement fund in the Master Trust from age 55.

### Non-Executive Directors' Remuneration

Single figure of Remuneration (Audited)

	2023/24			2022/23		
	Fees <sup>1</sup> (£000)	Taxable benefits (£000)	Total Fees (£000)	Taxable benefits (£000)	Fees <sup>1</sup> (£000)	Total Fees (£000)
Gill Rider	168	-	168	123	-	123
Iain Evans <sup>2</sup>	59	-	59	40	-	40
Claire Ighodaro	55	-	55	40	-	40
Jon Butterworth	49	-	49	36	-	36
Lorraine Woodhouse <sup>3</sup>	52	-	52	12	-	12
Dorothy Burwell	45	-	45	11	-	11
Neil Cooper <sup>4</sup>	27	-	27	47	-	47

1. 70% of fees are recharged through Pennon Group plc. The 2023/24 cross-charge value incorporates a full year for Bristol Water, the figure shown for 2022/23 reflects a recharge of 50% of fixed remuneration until 31 January 2023 and then 70% for the remainder of the financial year, following the statutory transfer of Bristol Water Plc to South West Water.

2. Iain Evans was appointed as Senior Independent Director 1 September 2023.

3. Lorraine Woodhouse was appointed as Chair of Audit Committee effective 1 September 2023.

4. Neil Cooper stepped down as Senior Independent Director and Chair of Audit Committee 31 August 2023.

## I Annual report on remuneration continued

### Directors' service contracts and letters of appointment

The dates of Directors' service contracts and letters of appointment and details of the unexpired term are shown below:

Executive Directors	Date of appointment	Notice period
Susan Davy <sup>1</sup>	31 July 2020	12 months
Steve Buck <sup>2</sup>	1 January 2024	12 months
Paul Boote <sup>3</sup>	8 July 2020	12 months
John Halsall <sup>4</sup>	10 July 2023	6 months
Non-Executive Directors	Date of appointment	Expiry date of appointment
Gill Rider <sup>5</sup>	1 April 2016	31 August 2024
Iain Evans	31 July 2020	31 August 2024
Claire Ighodaro	31 July 2020	31 August 2025
Jon Butterworth	28 September 2017	31 July 2026
Lorraine Woodhouse	1 December 2022	30 November 2025
Dorothy Burwell	1 December 2022	30 November 2025
Neil Cooper <sup>6</sup>	1 April 2016	31 August 2023

1. Susan Davy held a previous service contract dated 1 February 2015 in respect of her appointment as Chief Financial Officer, Pennon

2. Steve Buck was appointed to the Board of South West Water Ltd on 1 January 2024, following his appointment as Chief Financial Officer, Pennon PLC 27 November 2023

3. Paul Boote stepped down from his role as Group Chief Financial Officer of Pennon Plc and South West Water Ltd 31 December 2023

4. John Halsall was appointed to the Board of South West Water Ltd on 10 July 2023 in his capacity as Chief Operating Officer

5. Gill Rider was appointed as Chair of the Board as of 31 July 2020 and as such is providing ongoing strategic support and continuity of the Board for up to three years.

6. Neil Cooper stepped down from the Board of South West Water Ltd and Pennon Group Plc 31 August 2023.

The policy is for Executive Directors' service contracts to provide for 12 months' notice from either side.

The policy is for Non-Executive Directors' letters of appointment to contain a three-month notice period from either side.

Copies of Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

### Outside appointments

Executive Directors may accept one Board appointment in another company. Board approval must be sought before accepting an appointment. Fees may be retained by the Director. Susan Davy remained a Non-Executive Director of Restore plc throughout 2023/24. No other outside Company appointments are held by the Executive Directors other than with industry bodies or governmental or quasi-governmental agencies.

### Additional contextual information

#### Percentage change in directors' remuneration

##### Comparison of Directors' remuneration to employee remuneration

The table below shows the percentage change between 2021/22, 2022/23 and 2023/24 in base salary, benefits and annual bonus of the South West Water Chief Operating Officer. Percentage changes in remuneration for the Pennon Executive Directors and Non-Executive Directors are disclosed in full in the [Pennon Group Annual Report on page 165](#).

	Percentage change in salary/fees				Percentage change in benefits				Percentage change in bonus			
	2023/24	2022/23	2021/22	2020/21 <sup>1</sup>	2023/24	2022/23	2021/22	2020/21	2023/24	2022/23	2021/22	2020/21
<b>Executive Directors</b>												
John Halsall	3.5%	-	-	-	0%	-	-	-	(100%)	-	-	-
South West Water	5.45%	3.8%	2.2%	4.28%	(24.4%)	(18.7%)	(10.1%)	4.38%	(7.59%)	(18.1%)	2.8%	(0.08%)
UK employees	6%	3.9%	2.0%	1.22%	(21%)	(20.3%)	(19.5%)	5.7%	(2.2%)	(45.4%)	(14.3%)	(17.8%)

**Relative Importance of spend on pay**

	2023/24 £m	2022/23 £m	Percentage change (%)
Overall expenditure on pay <sup>1</sup>	120	79	51.7%
Distributions to Parent Company	–	12	(100%)
Net interest charges	155	111	39.6%
Purchase of property, plant and equipment (cash flow)	540.6	285.5	89.3%

1. Excludes employer's social security costs and non-underlying items.

The above table illustrates the relative importance of spend on pay compared with distributions to shareholders and other Company outgoings. The distributions to Parent Company, interest charges and the purchase of property, plant and equipment (cash flow) have been included as these were the most significant outgoings for the Company in the last financial year.

**Chief Executive Officer pay ratio**

Our CEO pay ratio stands at 21:1 for the median employee. The ratio is higher than in 2022/23 when the CEO opted to forgo all her variable pay for that year. It is lower than the ratio in preceding years. The changes are partially due to our strategy of developing pay for front line roles, which has led to an increase in median pay

Year	Method	25th percentile (P25) pay ratio	50th percentile (P50) pay ratio	75th percentile (P50) pay ratio
2023/24	Option A	27:1	21:1	16:1
2022/23	Option A	19:1	14:1	11:1
2021/22	Option A	56:1	43:1	36:1
2020/21	Option A	93:1	69:1	55:1
2019/20	Option A	91:1	64:1	53:1

Option A has been used for the calculations as per the disclosure regulations. The employees at the lower quartile, median and upper quartile (P25, P50, and P75, respectively) have been determined based on a calculation of total remuneration for the financial year 1 April 2023 to 31 March 2024.

- Basic salary for part-time employees and new joiners within the applicable period have been converted to full-time equivalents for the purpose of the calculations.
- Estimated values for employee P11d data have been used in the calculation for 2022/23 to establish the ordering of employees, given the timing of publication. This has been validated and has not led to any change in the published ratio.

The total remuneration of 2023/24 for the employees identified at P25, P50 and P75 is £31,661, £41,512, and £51,538, respectively. The base salary of 2023/24 for the employees identified at P25, P50 and P75 is £29,051, £35,878, and £26,408, respectively. The individual at P75 received a large amount of variable pay during the year, including call-out and standby allowances. For 2023/24 P11d benefits have been pay-rolled during the year and so actual values are used in the calculation.

The CEO pay ratio calculation to the median employee, on the same compensation elements as the wider workforce stands at 14:1.

The ratio, using the remuneration of the Chief Operating Officer, as the most senior director employed by South West Water Ltd would lead to a lower ratio and is reflective of the scale of the business and its focus:

P25	13:1
P50	10:1
P75	8:1

## I Annual report on remuneration continued

### Share award and shareholding disclosures (audited information)

#### Share awards granted during 2023/24

The table below sets out details of share awards made in the year. Details of the share awards for the Chief Executive Officer and Chief Financial Officer are detailed in the [Pennon Annual Report and Accounts 2023/24 on pages 166 to 169](#).

Executive Director	Type of interest	Basis of Award	Face value £000	Percentage vesting at threshold performance	Performance / restricted period end date
John Halsall	LTIP	80% of salary	293	25% of maximum	21 July 2026
John Halsall	Deferred bonus/ buyout award <sup>1</sup>	50% of bonus awarded	22	N/A	29 November 2026

1. The deferred bonus award was made in respect of performance during 2022/23 prior to appointment to the Board of South West Water Ltd, and included an amount in respect of bonus forfeited from previous employment during 2022/23. The award was therefore delayed until November, upon confirmation from Network Rail of the bonus amount foregone for the 2022/23 FY.

LTIP awards were calculated using the share price of £7.142 for all participants (including Steve Buck), being the average closing price over the five dealing days preceding the normal date of grant, of 21 July 2023. LTIP awards are also subject to an additional two-year holding period. Deferred bonus awards were calculated using the average share price at which shares were purchased on the market on 29 November 2023 to satisfy the award, which was £7.305. The measures for the 2023 award were based on:

- 50% RORE
- 30% Water Quality and Environment (EPA 10%, Wastewater Pollution Reduction 10%, Storm Overflow reduction)
- 20% Customer Service. (C-Mex, D-Mex, R-Mex, MPS, Trustpilot Score)

#### Directors' shareholding and interest in shares

The Remuneration Committee believes that the interests of Executive Directors and senior management should be closely aligned with the interests of Pennon Group plc shareholders.

To support this, the Committee operates shareholding guidelines. For 2023/24, this guideline was 100% of salary for the Chief Operating Officer and 200% for the Group Chief Executive Officer and Chief Financial Officer. In line with best practice guidelines, deferred bonuses and LTIP awards subject to a holding period may only count towards the guidelines on a net tax basis.

The Executive Directors are expected to build up a shareholding in the Company within the first five years of joining the Company, or appointment to a new role.

On 12 January 2024 the Group conducted an Equity Capital raise which included a non-pre-emptive placing of new ordinary shares of 61.05 pence each in the capital of the Company to both existing institutional shareholders and new institutional investors. John Halsall acquired 273 ordinary shares in this transaction at a price of £7.30 per share.

The beneficial interests of the Pennon Group Executive Directors in the ordinary shares (61.05p each) of Pennon Group plc as at 31 March 2024 and 31 March 2023, together with their shareholding guideline obligation and interest are shown in the [Pennon Group Annual Report and Accounts on pages 166 to 169](#). The Shareholding of the South West Water Chief Operating Officer is shown below:

	Share interests (including connected parties) at 31 March 2023	Share interests (including connected parties) at 31 March 2024	Vested LTIP awards in holding period <sup>1</sup>	Deferred Bonus shares	SAYE	Performance shares (subject to performance conditions)	Share-holding guideline	Share-holding guideline met?
<b>John Halsall</b>	0	341	0	2,997	–	41,008	100%	No

1. These share awards are not subject to further performance criteria and may therefore count towards the guideline on a net-of-tax basis.

Between 1 April 2024 and 1 May 2024, 23 additional ordinary shares in the Company have been acquired by John Halsall as a result of his direct participation in the Company's Share Incentive Plan. There have been no other changes in the beneficial or non-beneficial interests of the above Directors in the ordinary shares of the Company between 1 April 2024 and 1 May 2024.

**Details of share awards****(a) Long-term incentive plan**

In addition to the above beneficial interests, the Chief Operating Officer of South West Water has or had a contingent interest in the number of ordinary shares (61.05p each) of Pennon Group plc shown below, representing the maximum number of shares to which they would become entitled under the plan should the relevant criteria be met in full:

Director and date of award	Vested awards held at 10 July 2023 <sup>1</sup>	Conditional awards held at 1 April 2023	Conditional awards made in year	Market price of each share upon award in year	Vesting in year <sup>2</sup>
<b>John Halsall</b>					
21/07/23	0	0	41,008	714.2p	0

Director and date of award	Value of shares upon vesting (before tax) £000	Vested awards held at 31 March	Vesting awards released in year	Conditional awards held at 31 March 2024	Date of end of restricted period for qualifying conditions to be fulfilled	Expected date of release
<b>John Halsall</b>						
21/07/23	–	0	0	41,008	20/07/26	20/07/28

**(b) Annual incentive bonus plan – deferred bonus shares (long-term incentive element)**

John Halsall has or had a contingent interest in the number of ordinary shares (61.05 pence each) of Pennon Group plc shown below, representing the total number of shares to which they have or would become entitled under the deferred bonus element of the annual incentive bonus plan (the bonus plan) at the end of the relevant restricted period:

Director and date of award	Restricted awards held at 10 July 2023	Restricted awards made in year	Market price of each share upon award in year	Restricted awards post-share consolidation (restated)	Released in year	Value of shares upon vesting (before tax) £000	Restricted awards held at 31 March 2024	Date of end of restricted period
<b>John Halsall</b>								
29/11/23	–	2,997	730.5p	–	–	22	28/11/26	29/11/23

**Non-Executive Directors' shareholding**

The beneficial interests of the Non-Executive Directors, including the beneficial interests of their spouses, civil partners, children and step-children, in the ordinary shares of the Pennon Group, are shown in the [Pennon Group Annual Report and Accounts on page 167](#).

**Malus and Clawback**

Malus and Clawback provisions are embedded in the employment contracts of Executive Directors and relevant scheme documentation.

Malus and clawback provisions apply to all incentive awards. These provisions enable awards to either be forfeited prior to delivery, repaid or made subject to further conditions where the Committee considers it appropriate in the event of any significant adverse circumstances. For awards granted under the term of this policy, the circumstances in which malus and clawback may be applied include a financial misstatement, error in calculation, material failure of risk management, serious reputational damage, serious corporate failure or misconduct.

In respect of the annual bonus, clawback may be applied for the period of three years following determination of the cash bonus. Under the LTIP, clawback may be applied until the end of the holding period.

The Committee have not applied any action under the provisions of malus and clawback during 2023/24.

**The Remuneration Committee and its advisers**

Claire Ighodaro, Loraine Woodhouse and Dorothy Burwell were members of the Remuneration Committee throughout the year. Iain Evans joined the Committee on his appointment to Senior Independent Director on 1 September 2023, succeeding Neil Cooper. Gill Rider, Jon Butterworth and Susan Davy attend by invitation as required. During the year, the Committee received advice or services which materially assisted the Committee in the consideration of remuneration matters from Adele Barker (Group Chief People Officer) and from Deloitte LLP.

During 2018/19, Deloitte LLP was reappointed directly by the Committee with a refreshed advisory team, following a comprehensive retendering process. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice it has received from Deloitte LLP has been objective and independent.

# Risk and Compliance Statement – Summary

In line with the information outlined in the Risk and Compliance Statement section of this Annual Performance Report and Regulatory Reporting, the Board confirms:

- 1 We have a full understanding of, and we meet all of, our relevant statutory, licence and regulatory obligations in all material respects (see more below)
- 2 We have taken appropriate steps to understand and meet customer expectations (see more below)
- 3 We have sufficient processes and internal systems of control to meet our obligations fully (see more below)
- 4 We have appropriate systems and processes in place to identify, manage, mitigate and review our risks (see more below)
- 5 We meet the Ofwat objectives on board leadership, transparency and governance and ensure that we explain clearly how we meet those objectives (see more on page 50 to 51)
- 6 We have reviewed our governance to ensure we conduct the regulated company as if it were a public limited company separate from any other business (see more below)

## Governance

The 2023/24 South West Water Annual Performance Report and Regulatory Reporting highlights Company performance for the fourth year of the five-year 2020-25 regulatory period and provides detail on operational performance metrics throughout the period.

The Outcome Delivery Incentives (ODIs), which are South West Water's and Bristol Water's Key Performance Indicators, incorporate the metrics used by the South West Water Board and Ofwat, our economic regulator, to monitor performance. They were developed in line with customer and other stakeholder priorities following comprehensive engagement exercises in each area while developing the 2020-25 business plan.

In line with Ofwat's Regulatory Reporting requirements, this Risk and Compliance Statement details the South West Water Board's approach to governance, and compliance with its obligations to stakeholders.

The South West Water Board has in place a well established and effective set of policies and processes covering corporate governance, internal control and risk management.

### Statutory obligations

The Company has a number of statutory obligations including those detailed within the Water Industry Act, the Companies Act, the South West Water Licence, and the Competition Act.

Since privatisation, the Company has developed and established processes and procedures for ensuring obligations are adhered to in all material aspects.

Compliance with obligations and performance against targets are outlined through Regulatory Reporting. This year's performance is again summarised in the Company's Annual Performance Report and Regulatory Reporting.

The South West Water Board has received reports from the business detailing the applicable statutory licence and regulatory obligations (for which Ofwat is the relevant enforcement authority) and the means by which compliance in all material aspects with those obligations is assured within South West Water for 2023/24.

### Customer expectations

The Company has developed approaches and appropriate processes for engaging with customers to ascertain priorities and expectations.

The Company continually gathers customer feedback and engages with customers in order to understand their expectations. South West Water has considered how communications adhere to Ofwat's information principles with the aim of ensuring information is accurate, transparent, clear, accessible and timely.

Our Codes of Practice meet licence conditions G and H, providing information to customers describing the nature of the services to domestic customers, giving guidance to domestic customers who have difficulty paying their bills and advising customers of their options and rights about the help available when they have a leaking supply pipe. They also meet the revised principles of condition G - requirements to ensure customers are well informed, customers have confidence their company will put things right when something goes wrong, and the full diversity of customers' needs is identified, understood and met by companies (see more detail on page 6).

Our approach for producing and reviewing customer information is consistent with Ofwat's information principles. Customer research and feedback is acquired through our quarterly tracking survey and on specific topic areas to support the quality of our communications.

## Regulatory queries and investigations

On 28 June 2022, Ofwat announced that South West Water would be included alongside five other companies which received formal notices in March 2022 as part of its ongoing investigation into how water and wastewater companies manage their flow obligations at wastewater treatment works.

South West Water continues to work openly with Ofwat to comply with the notice as part of this ongoing investigation. We have undertaken our own internal investigation and investment interventions have been undertaken at a small number of our sites. In addition, we continue to look for additional future investment to include further storm storage and an extension of our sewer misuse programme which has been shared with Ofwat.

On 23 May 2023, Ofwat announced an investigation into South West Water's 2021/22 operational data relating to leakage and per capita consumption.

This operational performance data was reported in South West Water's 2021/22 Annual Performance Report. That report was subject to rigorous assurance processes including independent external technical assurance, as was summarised in that report.

South West Water continues to work openly and constructively with Ofwat to comply with the formal notice to South West Water as part of this investigation. We have undertaken our own internal investigations into the data and third party experts have concluded the calculations are within a tolerance as reported, as a result there was no detrimental impacts to customers through Outcome Delivery Incentives (ODIs).

We recognise opportunities to enhance data quality to improve the estimation process and these have been shared with Ofwat.

## South West Water Board statement

The South West Water Board confirms that in its opinion sufficient processes and systems of internal control were in place to meet the Company's obligations for the 12-month period to 31 March 2024 for ensuring that the Company complied in all material respects with its legal and regulatory obligations as a water and sewerage undertaker.

It also confirms that in its opinion the Annual Performance Report covers the issues it considers to be material to the Company and gives a fair, balanced and understandable view of the Company's performance and compliance with the relevant obligations.

## 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 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. This additionally requires the Directors to:

- confirm that, in their opinion, the Company has sufficient financial resources and facilities, management resources and methods of planning and internal control for the next 12 months
- confirm that, in their opinion, the Company has sufficient rights and assets which would enable a special administrator to manage the affairs, business and property of the Company
- confirm that, in their opinion, the Company has contracts with any associate company with the necessary provisions and requirements concerning the standard of service to be supplied to ensure compliance with the Company's obligations as a water and sewerage undertaker
- 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, undertake transactions entered into by the appointed business, with or for the benefit of associated companies or other businesses or activities of the appointed business, at arm's length
- keep proper accounting records which comply with Condition F.



These responsibilities are additional to those already set out in the statutory financial statements. In the case of each of the persons who are Directors at the time when the report is approved under Section 418 of the Companies Act 2006 the following applies:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Company performance

The South West Water Board monitors and controls the performance of the Company against the targets and expectations within the Final Determination and statutory obligations by:

- setting targets and reviewing performance against key levels of performance indicators and financial measures on a monthly basis at Board and Executive Management level
- implementing Investment Planning & Control procedures to ensure that the principles of proper financial control are applied throughout the inception, evaluation, implementation and handover of capital investment
- encouraging a culture of openness, where issues can be openly discussed, continuing to support a 'Whistleblowing' policy (see details of our 'Speak Up' programme on page 31).

Performance against targets is measured and reported using key performance indicators which are aligned with those highlighted in this Annual Performance Report.

There are appropriate systems and processes in place to identify, manage and review any potential material adverse exceptions to the delivery of outputs or changes in circumstances to those assumed within our 2019 Final Determination. These include those which might lead to an adjustment to price limits through the revenue price caps or performance measures.

South West Water has not identified any circumstances that have resulted in a material variance to the Final Determination expectations. Where areas of focus have been identified, plans overseen by the Board to ensure outcomes are achieved as soon as possible.

## Board leadership, transparency and governance

The South West Water Board is dedicated to developing and improving the governance structures and activities in accordance with best practice and Ofwat's board transparency and governance requirements.

For 2023/24 South West Water had fully functioning and standalone Boards and Committees. The business of the Board with associated Audit, ESG, Remuneration and Nomination Committees covers a full range of corporate issues including strategy, performance, delivery, compliance and governance.

The members of the Board are considered to have the appropriate skills, experience in their respective disciplines and personality to bring independent and objective judgement to the Board's deliberations and to represent customers' interests.

The Company has complied with the UK Corporate Governance Code 2018 subject to a number of exceptions which relate to certain responsibilities being reserved by the Board and Committees of Pennon Group plc (the parent company), which itself fully complies with the UK Corporate Governance Code. The exceptions are explained in the [South West Water Annual Report on page 122](#).

During 2023/24 and in accordance with the established governance framework, the South West Water Board convened before each Pennon Group Board meeting to consider Company strategy, performance and regulatory planning.

The governance framework is set out in the governance section on pages 36 to 51. The regulatory ring-fence around the South West Water business is protected through efficient and transparent decision-making.

The Board has a 'matters reserved' schedule setting out its responsibilities. Each Committee has detailed terms of reference setting out its responsibilities and accountabilities. Further details of the responsibilities of each of the Committees are set out in the report of each Committee on [pages 150 to 174 of the South West Water Annual Report and Financial Statements](#).

These, together with the risk management and internal controls frameworks, form an effective and robust governance structure.

The South West Water Board includes the Chair, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer the Senior Non-Executive Director and four further Non-Executive Directors, convened before each Pennon Board meeting, and considers South West Water strategy, performance and regulatory planning.

Pennon and South West Water Boards have consistent Chair and Non-Executive Director memberships in line with the focus of the Group on the Water Industry.

## Risk management

The Company has robust systems and processes in place to identify, manage, mitigate and review its risks.

The system for profiling and monitoring key risks is embedded in our normal business practices. We regularly review how we have sustained specific risk control measures, to decide if the probability and consequence of certain risks have changed, and if necessary to recommend further actions or investment to ensure the effectiveness of our corporate governance.

For the purposes of assessing and managing risk within South West Water, the individual departments review risks to the business associated with their accountabilities and responsibilities within the Company's strategy. An overall risk register is updated on an ongoing basis as a result of any changes in the nature and extent of risks.

Throughout the year the Executive formally review and update the risk register on a quarterly basis, with a particular emphasis on assessing and challenging, where necessary, the controls and mitigating factors recorded on the risk register. Risks are also formally reviewed as part of the quarterly forecasting and annual business planning processes. The Risk Committee considers deep dive reports of particular risk areas in advance of the Audit Committee reviewing these areas. It also considers a refreshed suite of Key Risk Indicators to ensure that risks reported internally and externally are fully benchmarked in line with the most appropriate quantitative data where appropriate.

Executive Directors and senior managers are required to complete an annual 'Certificate of Effective Internal Control' prior to the finalisation of the financial statements and before publishing any annual performance data. The Audit Committee considers the resources for carrying out internal audits in key Company specific areas – this activity is carried out by the Independent Pennon Internal Audit team.

The South West Water Audit Committee endorses and acts on audit findings from these audits carried out within the Company. There is also a programme of internal audits coordinated by the Risk and Compliance team as part of the Company's ISO and British Standards. South West Water currently holds and held the following accreditations/certifications throughout the year:

- ISO 9001:2015 (quality management)
- ISO 14001:2015 (environmental management)
- ISO 55011:2014 (asset management)
- ISO 50001:2011 (energy management)
- ISO 27001:2013 (information security)
- ISO 17025:2005 (laboratories and sampling)
- MCERTS (flow monitoring).

Certain of the above standards were not held by Bristol Water when acquired by South West Water and we have an ongoing programme to incorporate the Bristol Water area of operation within the above accreditations/certifications.

During the year South West Water obtained certifications to the following two standards:

- ISO 45001:2018 (occupational health and safety)
- ISO 22458:2022 (customer vulnerability)

ISO 22458:2022 Customer vulnerability is an international standard aiming to increase positive outcomes for vulnerable customers when companies deal with them. This aligns to our aims, our licence and with our business plan for 2020-25. As well as the standard, we have been certified to the BSI Kitemark for inclusive service, which is focused on how companies services can be accessible to all.

## I Risk and Compliance Statement – Summary continued

### Section 172 (Companies Act 2006)

We have complied with the requirements of S172 and our full statement can be found on [page 145 of the South West Water Annual Report](#).

### Delivering for everyone who depends on South West Water's services

South West Water's targets are ambitious and include both:

- our performance commitments in respect of the outcomes laid out in both our 2020-25 Business Plan and the Bristol Water 2020-25 Business Plan, which were both set following extensive customer and other stakeholder engagement to reflect the priorities of stakeholders
- a limited number of additional KPIs which have been included to provide performance information in respect of South West Water's performance in other areas deemed important to stakeholders (such as our 'Engagement Index' and performance in respect of our Lost Time Injury Frequency Rate (LTIFR) which are important to our people).

The targets are reviewed and monitored on a monthly basis with the Executive Management level 'Outcome Delivery Incentive (ODI) Committee' preparing performance updates and plans to ensure targets are delivered. This group reports to the Executive and the Board.

Our performance is challenged by the WaterShare+ Advisory Panel as described on page 08. This Panel has a sub-committee representing the Bristol Water area, as described on page 85. We have also discussed our performance for 2023/24 with customers to obtain their views.

This report includes performance against all of the performance commitments as well as our additional KPIs. All performance data has been externally assured (as summarised on pages 14 to 15). It also demonstrates the linkage between our purpose and values, our business outcomes, our business model and the risks to achieving these.

The majority of South West Water's outcomes have annual committed performance levels which are designed to achieve year-on-year improvements in performance.

Executive Director remuneration is linked to Company performance via the performance related bonus arrangements. This linkage and comprehensive disclosures of Director remuneration are provided, including the specific performance targets used in the bonus calculations on page 55 to 57.

### Green Recovery initiative

The Board has satisfied itself that:

- We are on track to meet the elements of our approved Green Recovery initiative, with the exceptions of those indicated in the Green Recovery Annual Report
- Progress has been fairly reflected in our Green Recovery Annual Report (see: [www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf](http://www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf)) and associated reporting data has been collated in line with our established reporting and assurance processes.

## Jacobs

### Technical assurer's statement on the Risk and Compliance Statement

Jacobs UK Ltd (Jacobs) has reviewed South West Water's (SWW) Risk & Compliance Statement as part of our assurance of the technical elements of SWW's 2023/24 Annual Performance Report (APR). The review took place prior to Ofwat publishing the PR24 Draft Determinations.

The Risk & Compliance statement covers both the SWW and Bristol Water (BRL) regulated businesses. Ofwat requires companies' statements to confirm compliance with all relevant statutory, licence and regulatory obligations and to demonstrate they have appropriate controls to identify, manage and mitigate risks.

Jacobs concludes that SWW's risk management processes are well established and embedded in the organisation with direction provided by SWW's Board, Executive Management cascading into the Risk Committee, the Compliance and ESG Director and to the individual departments. Risk owners, Senior Managers and Directors are responsible for the bottom-up identification and ownership of risks.

Through our assurance activities for APR 2024, we are satisfied that SWW has provided its Risk and Compliance statement, appropriately signed off, in which the Board clearly confirms that the Company:

- understands the Company's relevant statutory obligations;
- has taken steps to understand and meet customer expectations;
- has satisfied itself that it has sufficient processes and internal systems of control to fully meet its obligations;
- has appropriate systems and processes to identify, manage, mitigate and review its risks

SWW has responded to the new Customer-focused Licence Condition (Condition G) introduced by Ofwat in February 2024. SWW has provided examples of activities demonstrating alignment to the six principles of Condition G. Jacobs confirms we have observed these activities during our audit and assurance work.

Jacobs presented the findings of our assurance work for APR 2024 to the Watershare+ panel members, SWW's Executive Management, Audit Committee (SWW and Pennon), and the SWW Board of Directors to assist with endorsement and sign-off of the APR by SWW's Board.

This is a summary of our full report in respect of the Risk and Compliance Statement provided to the South West Water.



**G D Hindley**  
Assurance Director  
Jacobs UK Ltd

### Board statement on accuracy and completeness of data and information

The Board is satisfied that the data and information which South West Water has provided to Ofwat in the reporting year 2023/24 (including annual reporting data provided following the year end in respect of 2023/24) is accurate and complete.

The Board is also satisfied that other data which the Company has published in our role as a water and sewerage undertaker is accurate and complete.

This statement is underpinned by the operation of our Integrated Assurance Framework (see page 78) and our response to how the Board is able to make this statement in line with each significant area for assurance. For each of these areas the Board reviews how it has:

- engaged and challenged the assurance approaches which have been taken;
- taken action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed;
- satisfied itself that approaches have been appropriately identified and addressed any risks to the provision of accurate and complete data in particular areas; and
- utilised individual Directors and committees in carrying out its activities in this area.

The statement is not limited to the Annual Performance Report.

However these are the areas which the Board deems most significant to provide clear and detailed descriptions of the specific procedures performed in line with our Integrated Assurance Framework.

The Board is committed to reviewing its assurance framework at least annually. However where circumstances change during a year the Board also acts to provide a greater degree of focus and assurance as it deems necessary. As a result, and as performance has not improved as quickly as anticipated in certain areas, the Board has added these areas as specific significant areas for assurance going forward and additional scrutiny and oversight of recovery plans will be provided.

We have confirmed that sufficient assurance activity has been performed, including assurance commissioned from independent external assurance providers, to allow the Board to make this statement.

The Board also notes the report of the WaterShare+ Advisory Panel in respect of their role providing an independent review of our business plan commitments and Board pledges (see page 08).

The Board has considered both the assurance performed over the data we are reporting as well as the executive oversight and processes in place to ensure consistency of the narrative throughout the report with the data, our performance, how the Company operates and any descriptions of assurance undertaken.

## Departures from the statement

As described on page 68 the Board has concluded that it has a full understanding of, and meets all, our relevant statutory, licence and regulatory obligations in all material respects, with exceptions as listed below. Although these have been assessed by the Board to have a low impact, these have been disclosed for transparency and in line with our values.

Description of duty/obligation	Purpose of duty/obligations	Disclosure
<b>South West Water Licence of Appointment – Condition P</b>	This condition includes requiring the Company to maintain sufficient financial and management resources to carry out its functions in a suitable manner and to meet Board Leadership, Transparency and Governance objectives	<p>Following a section 203 notice issued by Ofwat in respect of leakage and per capita consumption issued in May 2023, South West Water has thoroughly and diligently completed investigations into the areas highlighted and fully engaged with the process.</p> <p>As detailed on page 135, there are a number of findings of this investigation underway and progressing.</p> <p>No systematic issues were identified, however, given the nature of the findings (detailed on page 135) they could be defined as a non-systemic or minor contraventions of Licence condition P.</p> <p>South West Water is proposing specified outputs which it views as appropriate for securing, facilitating and maintaining compliance with Licence condition P.</p>
<b>Water Resources Act 1991</b>	Water abstraction licence compliance – to ensure that abstraction of water is monitored and controlled	<p>South West Water has been responsible for water and sewerage provision to the majority of households and businesses on the Isles of Scilly since April 2020.</p> <p>When South West Water became responsible for these services, abstractors of water on the islands were exempt from the need to hold licences to abstract.</p> <p>Following this exemption ending and a detailed assessment of South West Water's applications, the Environment Agency issued six licences to South West Water, covering abstractions from 21 wells and boreholes across the islands.</p>
<b>Environmental Permitting (England and Wales) Regulations 2010</b>	Water discharge licence to ensure wastewater treatment works can treat minimum levels in their permits at any given time and are appropriately controlled by conditions in their permits. Also to ensure that wastewater treatment plants are designed, constructed, operated and maintained appropriately.	<p>South West Water is under investigation by the Environment Agency with regard to its obligations under Environmental Permitting Regulations and by Ofwat with regard to section 94 of the Water Industry Act and the Urban Waste Water Treatment (England &amp; Wales) Regulations 1994. South West Water is fully cooperating with the Environment Agency and Ofwat in that respect and has provided extensive information to both in response to their investigations. The data gathered for those responses has identified potential minor non-compliances which are being reviewed and addressed where necessary.</p> <p>This investigation remains ongoing.</p> <p>South West Water does not view that any material breaches nor systematic failing in complying with statutory duties have occurred, however there are times when we are compliant with full flow to treatment conditions but spills may occur under certain weather conditions.</p> <p>South West Water is proposing to make specific outputs appropriate for the purpose of securing, facilitating and maintaining compliance with Licence condition P.</p>
<b>Water Industry Act 1991 (section 94)</b>		
<b>Urban Waste Water Treatment (England &amp; Wales) Regulations 1994</b>		
<b>Environmental Permitting (England and Wales) Regulations 2010</b>	Water discharge licence compliance – to ensure that the discharges to water are monitored and controlled	<p>During the year four wastewater treatment works were identified as potentially non-compliant with their flow management obligations within their discharge permits and these have been included within South West Water's S.203 Notice response.</p> <p>Further detail is provided in the performance summary, including overall compliance percentages with numeric compliance of 96.19%.</p>
<b>Water Industry Act 1991 (section 37)</b>	Annual reporting of our performance in respect of leakage and per capita consumption	On 23 May 2023, Ofwat announced an investigation into South West Water's 2021/22 operational data relating to leakage and per capita consumption. For further details of the investigation, and our ongoing review of historic data prior to 2021/22, see page 135.
<b>Prosecutions in line with Environmental Permitting Regulations</b>	Legislation to ensure clean water and wastewater quality	<p>In April 2023, a prosecution by the Environment Agency for seven incidents at 5 Wastewater Treatment Works between 2016 and 2020, resulted in a fine of £2.15m.</p> <p>In light of this prosecution, South West Water has reviewed its transformation and improvement plans.</p>
<b>Water Industry Act 1991 Information provisions</b>	Water Industry Act Section 199 places an obligation on wastewater companies to maintain maps of their sewers	South West Water complies with this obligation, however notes that historically not all sewers have been mapped. We update our maps when we identify any such unmapped sewers.
<b>2022/23 Annual Performance Report</b>	Annual reporting of our performance data and other industry regulatory data	Following publication of our 2022/23 Annual Performance Report in July 2023, we identified a number of areas where data improvements could be made, whether through internal reviews, the availability of further retrospective information, or through the annual regulatory query process. As a result, we republished this Report in January 2024.

# Licence condition compliance and statements

## Licence of Appointment – statement relating to Condition F

In addition to internal assurance performed over the viability statement and external assurance in line with EY's role as statutory external auditor of the financial statements, the Audit Committee has provided extensive oversight and review of South West Water's long-term financial resilience (see pages 156 to 166 of the Annual Report and Financial Statements) and we commissioned further specific 'Agreed Upon Procedures' to be performed by EY covering the calculations and assessments made as well as challenge of the underlying assumptions and judgements. The Board of Directors of South West Water Limited has resolved that a Certificate be issued to the Water Services Regulation Authority confirming:

- That in the opinion of the Directors, the Company will have available to it sufficient financial resources and facilities to enable it to carry out, for at least the next 12 months, the Regulated Activities (including the investment programme necessary to fulfil the Company's obligations under the Appointment)
- That in the opinion of the Directors, the Company will, for at least the next 12 months, have available to it management resources which are sufficient to enable it to carry out those functions.

In making this declaration, the Directors have taken into account:

- The net worth of the Company and the strength of key performance indicators as shown in the Company Annual Performance Report for the year ended 31 March 2024 and the Company's Business Plan for the remaining K period
- Borrowing facilities which include significant committed undrawn bank facilities
- Parental support provided by the holding company which will provide financial support to the Company to enable it to meet its liabilities as they fall due
- The Company's formal risk management process which reviews, monitors and reports on the Company's risks and mitigating controls and considers potential impact in terms of service, compliance, value, people, society and partners
- The Company's employment policies and strategy.

The Directors also declare that in their opinion all contracts entered into with any associated company include all necessary provisions and requirements concerning the standard of service to be supplied to the Company to ensure that it is able to meet all its obligations as a water and sewerage undertaker, as required in Section 6 of Condition F of the Instrument of Appointment. This opinion has been formed following examination of the documents in question.

## Licence of Appointment – statement to Condition P: Regulatory ring-fence

This certificate is provided in line with our requirement to do so under our licence of operation. The Board of Directors of South West Water Limited has resolved that a Certificate be issued to the Water Services Regulation Authority confirming that in the opinion of the Board it will have available to it sufficient to enable it to carry out the Regulated Activities, for at least the 12-month period following the date on which the certificate is submitted:

Financial resources and facilities to enable the Board to carry out the regulated activities

- The Appointee's historical performance and future performance expectations are in line with current and future expected business plans
- Available cash resources and borrowing facilities
- The long-term viability statement (see page 73)
- The Appointee's compliance with financial covenants
- The Appointee's financial position as at 31 March 2024

Management resources

- Our refreshed Values, sitting within our overall purpose and oversight of our culture (see page 49)
- Our People strategy ensuring sufficient recruitment and retaining talent (see page 30 to 33)
- Our experienced Board bringing a wide range of skills and oversight (see page 39), including our Independent Non-Executive Directors, who form a majority of the Board

Systems of planning and internal control

- The oversight and insight of the Audit Committee
- The Company's risk management process (see summary on page 76 and full detail in the South West Water Annual Report and Financial Statements)
- The Annual Certification of Internal Control Effectiveness provided by Executive members and overall certification by the Chief Operating Officer
- Our Risk Based Assurance Framework (see southwestwater.co.uk/report2024) as well as Jacobs' and Turner and Townsend's assurance of ODIs and other technical data
- The Company's Code of Conduct and Whistleblowing 'Speak Up' programme (see page 47)
- Our updated Anti-Bribery and Anti-Corruption Policy (see page 47)

Rights and resources other than financial resources

- Aligned to our values of 'Be Rock Solid,' 'Be You' and 'Be the Future' we seek as our purpose 'Bringing Water to Life,' 'Supporting the lives of people and the places they love for generations to come'
- Our monitoring systems in place over our treatment processes and networks, both in respect of drinking water and wastewater
- Our suite of core policies, including quality, environmental and health and safety

Contracting

- Major contracts, such as those associated with our new 2025-30 'amplify' alliance, are undertaken through a full and thorough procurement process ensuring contracts are with resilient organisation and we have multiple suppliers engaged.
- The Board also confirms that all contracts entered into between South West Water (SBB) and any associated companies include the necessary provisions and requirements in respect of the standard of service to be supplied to SBB, to ensure that SBB is able to carry out the Regulated Activities
- The full disclosures of transactions between the appointee and associated companies in line with Ofwat's guidance (see pages 276 to 280)

Material issues or circumstances

- Investigations ongoing as described on page 71 by Ofwat and the Environment Agency
- Matters identified as not material for the purposes of this certification are described on page 71

## Statement to Condition P-26

It is also the opinion of the Board that South West Water would be able to maintain an Issuer Credit Rating which is an Investment Grade Rating. In making this declaration, the Board has sought independent rating advice and has taken into account the following main factors:

- financial resources currently available to the business
- non-financial rights and resources available to the business and management
- key financial metrics including: adjusted interest cover; net debt/RCV; FFO/net debt; and RCV/net debt
- ownership and availability of assets where assets are held outright in perpetuity
- the capital programme over the current and future regulatory period as a proportion of the regulated asset base contracts which the Company has entered into
- the Company's risk profile
- financial policies, including dividend policy
- stability and predictability of the regulatory environment.

South West Water's approach to producing a quality certificate is to perform an internal assessment which is externally validated through an independent credit assessment review from two leading investment banks that provide rating advisory services.

The Company has performed a synthetic rating analysis utilising all relevant financial ratios aligned to specific credit rating guidelines and benchmarked against investment grade criteria. This looks back to the most recent financial year and future years to the end of 2030, in line with South West Water's approach to assessing viability.

The forecast is based on the PR19 Final Determination for 2020-25 including South West Water's view on potential outperformance and its internal strategic plan through to 2030. The assessment is then stress tested by analysing the potential impact of principal risks and defined downside parameters as set out by Ofwat.

The Board believes that this is an appropriate approach to complying with Condition P due to the dual approach in making internal and external assessments.

The assessments conclude that South West Water would be able to comply with the licence obligation.

Like many companies in the sector, whilst leverage and interest coverage metrics for 2023/24 are adversely impacted by the current macro-economic environment, rating strength continues based on future year expectations.

(Note: the provisions of paragraph P26 that had effect prior to 1 February 2023 continue to have effect in line with condition P29A).

**Approval of ring fencing certificate and assurance**

The ring fencing certificate was approved by the Board at its meeting on 12 July 2024. It has been subject to third party assurance, by our financial auditor, EY. EY’s statement of assurance for the Annual Performance Report is included on pages 86 to 88 and it has provided a separate report submitted to Ofwat in respect of the ring-fencing certificate.

**Licence of Appointment – statement relating to Condition R and Market Codes in respect of the non-household market**

At 31 March 2024 the Company had in place an Access Code compliant with paragraphs 3 to 6 of Condition S of the Licence and South West Water has complied with this Code.

South West Water has also ensured that every transaction between itself and a related licensed water supplier is at arm’s length and does not preferentially make available to the related licensed water supplier any of its other assets. South West Water has complied with other aspects of Condition R and Market Codes in respect of the non-household retail market. In making this assessment, the Directors have taken into account:

- South West Water’s Compliance Code (available on [www.southwestwater.co.uk](http://www.southwestwater.co.uk))
- Internal processes for monitoring compliance against South West Water’s Code
- Internal and external assurance provided as part of the Company’s preparations for the opening of the non-household retail market (prior to its opening on 1 April 2017).

**Long-term resilience and viability statement**

The Directors of South West Water are responsible for ensuring the long-term viability of the company. The Directors need to ensure the resilience of the Company by identifying, managing, avoiding or mitigating risks which may impact viability.

The Board’s consideration of longer-term viability of the company is an extension of the strategic business planning which is managed through regular long-term modelling and monitoring of key measures including gearing, debt covenant headroom and level of liquidity. The resilience of the business and these key viability measures are appropriately assessed by a number of mechanisms including a robust risk management assessment, sensitivity analysis and stress tests of financial performance.

The overall market context is a cornerstone of the viability assessment. South West Water is a long-term business characterised by multi-year investment programmes, with associated revenue streams with high levels of future visibility.

The viability assessment has been made with reference to the Company’s current position and prospects, including consideration of the ongoing impacts of the Ukraine crisis, climate change, its longer-term strategy, the Board’s risk appetite and the Company’s principal risks and how these are managed, as detailed on [pages 68 to 78 of the risk report in the South West Water Annual Report and Financial Statements](#).

Principal risk	Viability sensitivities tested	Impact
A: Changes in Government policy	Changes in Government policy affecting the water industry, such as additional environmental legislation may impact operational performance or investment requirements. The estimated average adverse impact on the Company’s cash flows from a range of potential policy changes has been applied as a sensitivity.	£15m
B: Regulatory reform	Potential changes in PR24 price review may impact allowed regulatory returns in South West Water. The estimated average adverse impact on the Company’s cash flows from a range of potential policy changes has been applied as a sensitivity.	£15m
C: Non-compliance with laws and regulations	The estimated impact of financial penalties and reputational damage from failure to comply with laws and regulations has been modelled as a sensitivity.	£15m
D: Inability to secure sufficient finance and funding to meet ongoing commitments	The impact of reduced availability of financing resulting in increased costs.	£10m
E: Non-compliance or occurrence of an avoidable health and safety event	The financial impact and cash outflows related to a major health and safety event have been applied as a sensitivity.	£15m
F: Failure to pay all pension obligations as they fall due and increased costs for the Company should the defined benefit pension scheme deficit increase	The financial impact on the Company’s gearing from additional funding being required to support the Company’s defined benefit pension schemes has been applied as an adverse scenario.	£10m
G: Macroeconomic risks impacting on inflation, interest rates and power prices	The adverse impact of higher operating and finance costs from increasing power prices and general inflation increases over and above increases assumed in base financial plans (3% increase), including the impact on totex underperformance on regulatory returns and impact on debt financing costs (3% increase). As well as a reduction in the collection of customer debt (3.5% reduction) from adverse economic conditions.	£65m
H: Failure to secure, treat and supply clean drinking water	The adverse impacts from non-delivery of regulatory performance targets which result in ODI penalties, other financial penalties and required additional investment reducing Company revenues and cash inflows have been applied as a sensitivity to the base plan.	£66m
I: Failure to improve wastewater performance results in environmental commitments not being delivered		
J: Failure to provide excellent service or meet the needs and expectations of our customers and communities		
K: Difficulty in recruiting and retaining staff with the skills required to deliver the Company’s strategy		
L: Insufficient capacity and resilience of the supply chain to deliver the Company’s operational and capital programmes which more than doubles in the next regulatory period		
M: Inadequate technological control or cyber attack results in a breach of the Company’s assets, systems and data	The adverse financial impacts of a cyber attack resulting in operational disruption, potential loss of data, and potential detrimental impacts on customers with potential for financial penalties have been included in the sensitivity analysis.	£15m

## I Licence condition compliance and statements continued

### Period of assessment

The Board regularly considers the appropriate period for the viability assessment to be performed in line with the UK Corporate Governance Code. The Board considers the appropriate period to assess the Company's viability remains unchanged until the end of 2030, which recognises the longer-term visibility in the regulatory environment of the South West Water business to the end of the next price setting period in 2030.

The changing nature of regulation and current scrutiny of the water industry means that assessing viability on a longer term basis than the six years to 2030 would introduce significant uncertainty, therefore the Board has focussed on the period to 2030 for its assessment of viability

### Risks

The Board considers the preventative and risk management actions in place and the potential impact of the principal risks (as detailed on pages 50 to 65 of the South West Water's Annual Report and Financial Statements) against our ability to deliver the business plan. This assessment has considered the potential impact of these and other risks arising on the business model, future performance, solvency and liquidity over the period in question. The Company has a strong liquidity and funding position with £321 million of cash and committed facilities as at 31 March 2024 and net assets of £911.2 million.

The Company has a mixture of fixed, floating and index linked debt financing with a weighted average maturity of non-current debt, excluding leases, being 14 years. In making their assessment, the Directors reviewed the principal risks and considered which risks might threaten the Company's viability. Over the course of the year the Board, either directly or through the activities of the Audit Committee, has considered a deep-dive review of the following principal risks to enable a thorough assessment of the impact of these risks on ongoing viability (Engineering supply chain resilience, water quality and cyber security).

### Stress testing

The Company's business plan has been stress-tested. Whilst the Company's risk management processes seek to mitigate the impact of principal risks as set out on pages 66 to 68 of the South West Water's Annual Report and Financial Statements, individual sensitivities (shown in the table below) have been identified. These sensitivities, which are ascribed a value with reference to risk weighting, factoring in the likelihood of occurrence and financial impact, were applied to the baseline financial forecast which uses the Company's annual budget for FY 2024/25 and longer-term strategic business plan through to March 2029.

The impact of climate risks has been assessed in detail in as referenced in the Task Force on Climate-related Financial Disclosures (TCFD) section on page 78 to 116 of the South West Water's Annual Report and Financial Statements. The Company's strategic business plan includes the expected investment identified at this stage to meet climate changed adaptation. The stress testing scenarios applied during the viability assessment period do not include specific reference to climate change related risks alone as climate change has been considered as part of the Principal risks identified. Beyond the period of assessment additional impacts from climate change are considered in more detail within the TCFD section along with mitigating actions.

A combined stress testing scenario has been performed to assess the overall impact of these individual scenarios impacting the Company. The risks and modelled impacts are individually probability weighted to provide a stressed downside scenario. The combined weighted impact of the risks occurring is c. £68 million, this value is considered equivalent to an extreme one-off event that could occur within a year, the probability of such an event happening is deemed unlikely.

### Stress testing evaluation and mitigations

Through this testing, it has been determined that none of the individual principal risks would in isolation, or in aggregate, compromise the Company's viability over the six-year period. The assessment has been considered by reviewing the impact on the solvency position as well as debt and interest covenants. The financial impacts of the risks were probability weighted to obtain a value that was used in the stress testing. While mitigations were not required in any of the above individual or combined scenarios to ensure that the company was viable, additional mitigations could be deployed to reduce gearing and increase covenant headroom. These include:

- Reduction in discretionary operational expenditure
- Deferral of capital expenditure and/or cancellation of essential capital expenditure
- Reduction in the amount of dividend payable
- Raising additional funding.


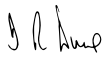
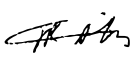

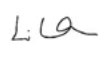

The Company has confidence in its ability to raise additional funding if required should it be required to ensure the Company maintains solvency.

In addition, a reverse engineered scenario that could possibly compromise the Company's viability over the six-year assessment period has been modelled. This scenario assumes all the Company's principal risks are incurred, in any given year across the viability period, with no probability weightings attached to provide the total modelled impact noted in the table on page 73. This scenario would remove debt covenant headroom and interest covenant headroom. The Board considered the likelihood of this scenario on the Company's viability over the six-year viability period, as remote, concluding the Company could remain viable. Mitigations, as noted above, could also be deployed over the period if deemed necessary.

In making its assessment of the Company's viability, the Directors have taken account of the Company's strong capital solvency position, the Company's latest assessments of forward power and other commodity prices, latest inflation forecasts, its ability to raise new finance and a key potential mitigating action of restricting any non-contractual payments. In assessing the prospects of the Company, the Directors note that, as the Company operates in a regulated industry which potentially can be subject to non-market influences, such assessment is subject to uncertainty, the level of which depends on the proximity of the time horizon. Accordingly, the future outcomes cannot be guaranteed or predicted with certainty. As set out in the Audit Committee's report on pages 156 to 166 of the South West Water Annual Report and Financial Statements, the Directors reviewed and discussed the process undertaken by management, and also reviewed the results of the stress testing performed.

### Viability assessment conclusion

The Board has assessed the Company's financial viability and confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a six-year period, the period considered to be appropriate by the Board in connection with the UK Corporate Governance Code.

Name	Gill Rider	Iain Evans CBE	Claire Ighodaro CBE	Jon Butterworth MBE	Dorothy Burwell	Loraine Woodhouse	Susan Davy	John Halsall	Laura Flowerdew
Position	Chair	Independent Non-Executive Directors					Chief Executive Officer	Chief Operating Officer	Chief Financial Officer
Signed									

# | Customer Focused Licence Conditions

In February 2024, Ofwat introduced a new condition in the licence of each water company in England and Wales, which set new standards for customer care and support. Companies can be fined up to 10 per cent of their annual turnover if they fall short of these standards.

The licence condition is based on six principles for customer care, set out below:

Principle	Examples of our activities
<p><b>Proactive communications</b></p> <p>G31 The Appointee is proactive in its communications so that its customers receive the right information at the right time, including during incidents.</p>	<p>Our comprehensive and high-quality programme of customer engagement is one example of how we proactively engage as a matter of course with our customers. Our programme of 30 roadshows shown on page 6 is complimented by similar engagement in the Bristol Water area.</p> <p>We also believe that sharing key information with our customers is essential. Sharing information about our storm overflows, when they are in operation, how they are designed to work and our investment plans to improve water quality, is a really important step in building trust with our customers and communities. That is why during the year we were developing our WaterFit Live platform to expand to show near real time data for all of the South West Water storm overflows – over 1,300 of them. Following the year end, this has gone live well ahead of the regulatory deadline (see more details on page 24).</p>
<p><b>Ease of contact</b></p> <p>G32 The Appointee makes it easy for its customers to contact it and provides easy to access contact information.</p>	<p>Details of how to contact us are displayed on our website and water bills.</p> <p>We have ten channels for SWB customers to contact us and seven for Bristol Water customers via the shared customer service centre with Wessex Water. In both areas these include email, online form, social media, web messaging/live chat, telephone and letter (details are shown on pages 145 and 239).</p> <p>We have introduced our largest ever customer outreach programme with a presence in the communities who need our support the most, engaging through initiatives including water saving, environmental and affordability, as well as teaching future generations about the value of water.</p>
<p><b>Support when things go wrong</b></p> <p>G33 The Appointee provides appropriate support for its customers when things go wrong and helps to put things right.</p>	<p>In the event of an emergency or significant incident we proactively contact our customers using SMS or automated calls, website and social media updates, door knocking (where appropriate), letter dropping and in some circumstances we set up local community hubs. More details of our processes are provided on <a href="https://www.southwestwater.co.uk/household/help-support/unplanned-events">https://www.southwestwater.co.uk/household/help-support/unplanned-events</a>. Our customer promise – code of practice can also be found on this website.</p> <p>Where customers are without water for more than 24 hours per day, we'll ensure at least 10 litres per person is made available every day. Where possible in the event of a supply interruption we aim to minimise the length of time a customer is out of supply as much as possible, for example through re-routing network flow etc (see more on page 134).</p>
<p><b>Learning from experience</b></p> <p>G34 The Appointee learns from its own past experiences, and shares these with relevant stakeholders. The Appointee also learns from relevant stakeholders' experiences and demonstrates continual improvement to prevent foreseeable harm to its customers.</p>	<p>Where we receive complains root cause information is used to feed into our learnings and future improvements to prevent repeat complaints. This in turn reduces the chance of causing further complaints.</p> <p>We use regular post-event research to see how we can improve the service during an emergency and we have published webpages on the South West Water and Bristol Water websites showing what customers can expect in an emergency.</p> <p>For significant events we perform thorough investigative reviews. For example, we embedded learnings from our review of the 2018 'Beast from the East,' ensured we delivered a more resilient service to our customers during a similar event in 2022 and results from our review into that incident will also be embedded to ensure future similar events continually improve our service. The results of our review into this 2022 freeze/thaw event have been published.</p> <p>We are already investigating the May 2024 incident impacting Higher Brixham, Hillhead and Kingswear water quality. Results of this thorough investigation will be shared and we will implement improvements where necessary to continually improve our resilience.</p>
<p><b>Understanding and supporting customers</b></p> <p>G35 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.</p>	<p>Support for vulnerable customers remains a key focus. During the year we have gained accreditation to the new customer vulnerability standard as well as associated BSi Kitemark. We've again increased the number of people on our priority services register and attempted to and successfully contacted a higher percentage than our targets (see pages 148 and 242).</p> <p>Support isn't limited to vulnerable customers. As detailed on page 3, although following the significant water quality event impacting Higher Brixham, Hillhead and Kingswear and from the moment we regrettably needed to issue a boil water notice, and throughout the incident, we have maintained significant support to all customers in the area including three bottled water stations open every day and a significant presence in the area to ensure customers and tourists were able to ask questions of us and keep up to date on the latest situation. We have also swiftly paid compensation to customers impacted which is well in excess of the standard (GSS) payments required.</p> <p>Although we are already reflecting internally on our performance in this respect, we will reflect more on our this (in line with principle G34) in the 2024/25 APR.</p>
<p><b>Financial support</b></p> <p>G36 The Appointee provides support for its customers who are struggling to pay, and for customers in debt.</p>	<p>The number of customers on one of South West Water's (SWB) support tariffs increased by 38% in the year and this is part of our commitment to eliminate Water Poverty by 2025. We are now able to innovatively use data to allow us to identify, reach out to the struggling silent and auto enrol customers in Water Poverty onto one of our support tariffs. This has been made possible by datashare agreements. For more details see pages 128 to 129.</p> <p>Bristol Water offers three discounted tariffs to make sure we can help customers who find it hard to pay their water charges. In addition the 'Restart' scheme is offered to help customers clear water debt. Bristol Water also works with debt advice partners to promote help available. For more details see pages 227 to 228.</p>

# Managing our risks

## Summary of Risk Report

South West Water operates within a complex and evolving risk landscape which includes changing Government policy, multiple regulatory frameworks and increasing customer and wider societal expectations.

The long-term success of the Company is dependent on the effective management of risks and opportunities and remains a key focus for the Board and Executive.

Our risk management framework considers risk from both a strategic (top down) and tactical (bottom up) perspective. This enables a common understanding of risks and opportunities and their interdependencies, allows risks and opportunities to be cascaded and escalated effectively and provides a multi-layered approach to the review and challenge of risk.

### Our risk management framework

Our risk management framework, risk assessment methodology and detailed assessment of risks are described on [pages 50 to 65 of the South West Water Annual Report and Financial Statements](#).



### Horizon scanning

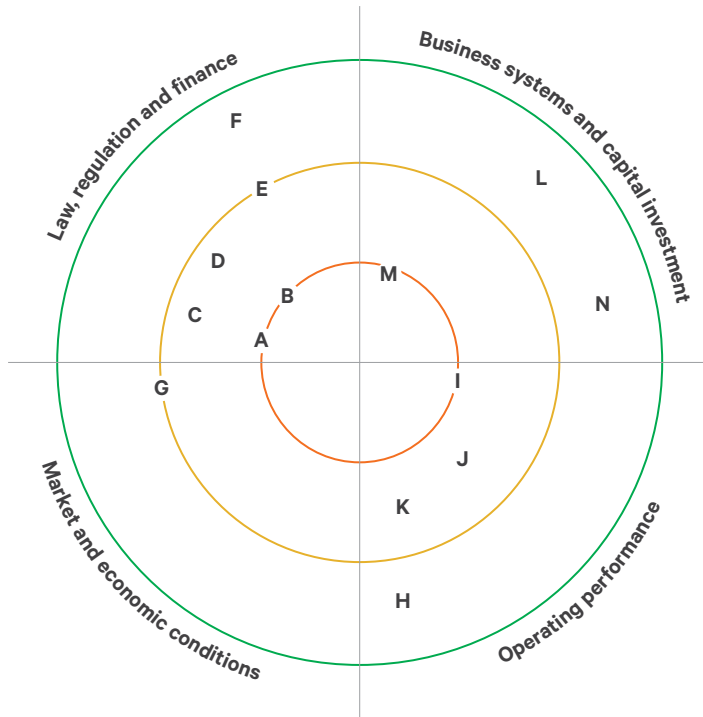
Emerging risks and opportunities are considered to be factors and events which could have a future impact on the achievement of the Company's strategic priorities but lack the required clarity or certainty in order to adequately assess their impact. Horizon scanning of emerging risks and opportunities is embedded within the risk management process.

Emerging risks are reviewed by the Executive and Board as part of their regular assessment of the Company's risk profile. Notable emerging risks and opportunities are detailed within the table below:

Risk/opportunity	
<b>Geopolitical Tensions</b>	
Comment	Risk category impact
Increased escalation of conflict in the Middle East combined with the ongoing war in Ukraine could further impact the global economy, heighten energy resilience risks and disrupt key supply chains such as chemicals.	<ul style="list-style-type: none"> <li>Market and economic conditions</li> </ul>
<b>Time horizon:</b> Short-Medium-term	
<b>Artificial intelligence and machine learning</b>	
Comment	Risk category impact
There is a risk that automated intelligence and learning deployed within operational processes develops faster than Government regulations and standards.	<ul style="list-style-type: none"> <li>Operating performance.</li> </ul>
<b>Time horizon:</b> Long-term	
<b>Quality of water resources</b>	
Comment	Risk category impact
Changes in regulatory requirements over the treatment of micro-plastics, micropollutants and 'forever chemicals' (e.g. PFAS) as a result of ongoing research may require significant changes in operational processes in the water treatment process.	<ul style="list-style-type: none"> <li>Operating performance</li> <li>Business systems and capital investment.</li> </ul>
<b>Time horizon:</b> Long-term	
<b>Changes to the demographics within the South West</b>	
Comment	Risk category impact
Increases in population migration to the South West due to the climate change and an increasingly aging population could place further demand on our resources and assets.	<ul style="list-style-type: none"> <li>Operating performance.</li> </ul>
<b>Time horizon:</b> Long-term	



Overview of South West Water’s principal risk profiles



Outcomes

- Clean, safe and reliable supplies
- Available and sufficient
- Reliable wastewater services
- Responsive to our customers' needs and priorities
- Fair charging for all
- Environmentally sustainable actions and initiatives
- Providing reliable services even in extreme conditions
- Supporting our people and local communities

Risk level

- Increasing
- Stable
- Decreasing
- High
- Medium
- Low

Category	Ref	Strategic priorities – outcomes	Risk description	Net risk
Law, regulation and finance	A		Changes in Government policy	
	B		Changes in regulatory frameworks and requirements	
	C		Non-compliance with laws and regulations	
	D		Inability to secure sufficient finance and funding, within our debt covenants, to meet ongoing commitments	
	E		Non-compliance or occurrence of an avoidable health and safety incident	
	F		Failure to pay all pension obligations as they fall due and increased costs to the Company should the defined benefit pension scheme deficit increase	
Market and economic conditions	G		Macroeconomic near-term risks impacting inflation, interest rates and power prices	
Operating performance	H		Failure to secure, treat and supply clean drinking water	
	I		Failure to improve wastewater performance resulting in environmental commitments not being delivered	
	J		Failure to provide excellent service or meet the needs and expectations of our customers and communities	
	K		Difficulty in recruiting and retaining staff with the skills required to deliver our strategy	
Business systems and capital investment	L		Inefficient capacity and resilience of the supply chain to deliver the Company's operational and capital programmes during 2025-30	
	M		Inadequate technological security results in a breach of the Company's assets, systems and data	

# Assurance

## Introduction

This assurance section of the Annual Performance Report provides a general overview of our assurance framework and processes as well as an update on the assurance performed in respect of the Annual Performance Report and Regulatory Reporting.

South West Water's Assurance Plan is published as a standalone document on the Company's website ([www.southwestwater.co.uk/siteassets/about-us/governance/sww-rswap-2022-23.pdf](https://www.southwestwater.co.uk/siteassets/about-us/governance/sww-rswap-2022-23.pdf)).

In any significant area or projects where assurance is required over submitted data or information, certificates will be prepared by those responsible to confirm that the submission is robust and all material issues have been addressed.

Independent internal review is used to ensure that processes are robust and adhered to.

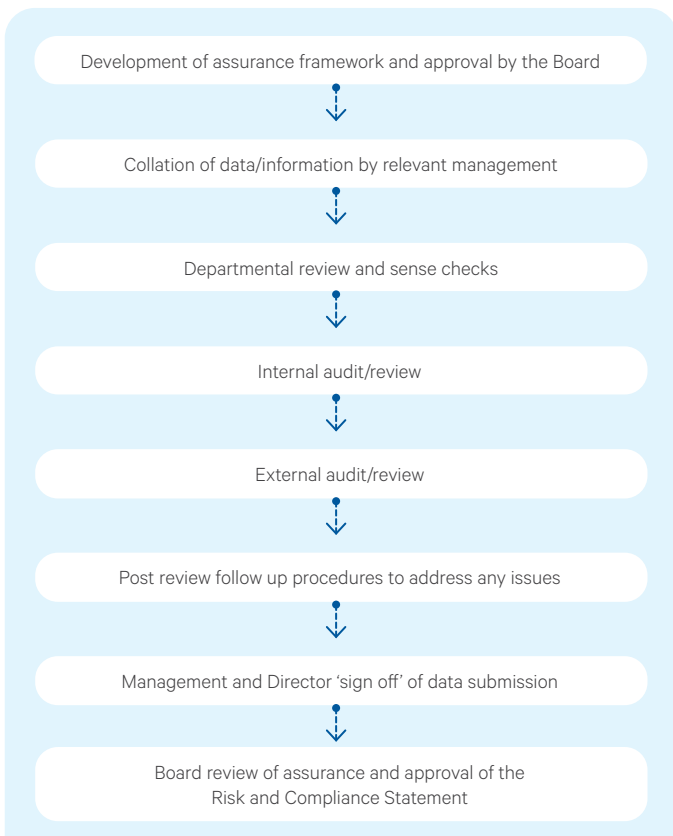
External review and audit processes are utilised whenever significant data is provided by South West Water externally (such as the PR19 Business Plan, tariffs/charges submissions and Annual Performance Report and Regulatory Reporting). The allocation of assurance work between external providers (including financial and technical auditors) is based upon the content of the data submission and multiple providers of external assurance are frequently engaged on the same project. The professional credentials of the third party assurance providers are considered in detail to ensure they have the relevant knowledge and experience.

Robust feedback processes are established to ensure that issues or queries raised during internal and external assurance processes are followed up to ensure that any changes required or follow up work is completed as appropriate.

In addition to strategic leadership provided by the Board, for significant projects a Steering Group is formed to give direction, monitor project delivery and issue regular updates to the Board. The Board and Audit Committee review and challenge assurance applied in each case under this framework.

For all key projects and data submissions the Board confirms that in its opinion, assurance provision, governance and internal systems of control have been sufficient.

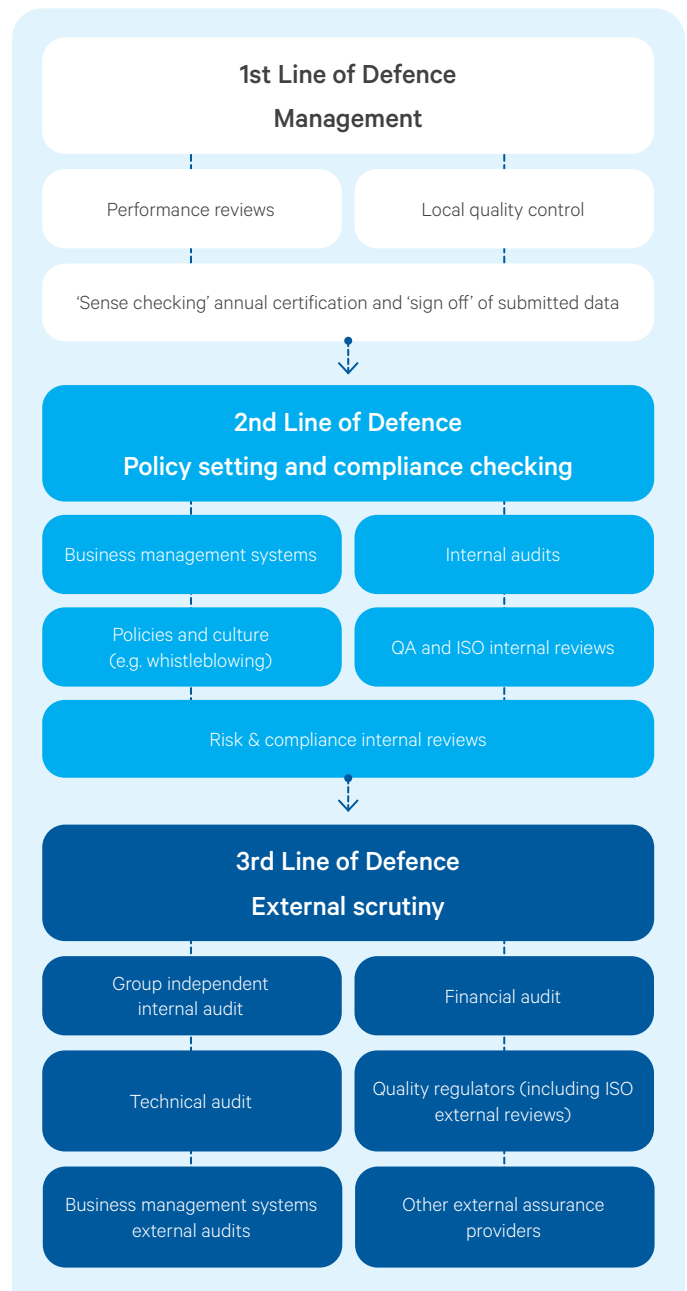
The following diagram summarises the typical assurance approach taken in any significant project involving submission of data externally:



## South West Water's integrated assurance framework

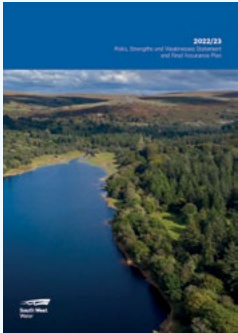
South West Water's risk and assurance processes are embedded into the management of the Company and are designed to ensure risks are promptly identified, updated on a regular basis and appropriate mitigation is in place to suit the risk appetite. The methodology for identification and mitigation of risk is similar at individual business unit and corporate levels.

South West Water's Integrated Assurance Plan ensures, utilising a risk based approach, that an appropriate balance of varied providers of assurance are deployed dependent on the assessed risk and complexity of assurance requirements. The integrated assurance approach includes:



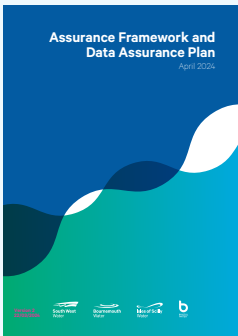
This risk-based Integrated Assurance Framework is applied to all areas of the business, including all key projects as they arise. The mix of assurance methods used is reviewed by the South West Water Audit Committee, which is responsible for ensuring robust and comprehensive assurance frameworks are in place to support Board assurance and compliance requirements.

South West Water publishes a range of documents which provide key information which customers and other stakeholders require. We publish performance information in this Annual Performance Report and Regulatory Reporting as well as in summary formats. In this section of the report we summarise the assurance we perform, however further detail on the assurance we perform can be found in related documents.



**Risks, Strengths and Weaknesses Statement**

This statement sets out our risks, strengths and weaknesses to the information that we publish following consultation with customers and other stakeholders.



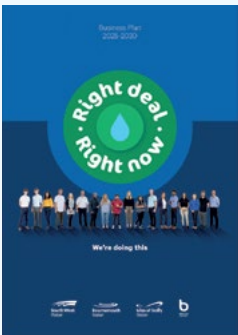
**Assurance Framework and Data Assurance Plan**

This document outlines our assurance framework for data and plan for data assurance over the coming year, including 2023/24 annual reporting – such as the Annual Performance Report.



**Annual Report and Financial Statements**

Our Annual Report and Financial Statements is published in line with Companies Act requirements and as well as reporting on overall performance, provides a more detailed review of our financial performance during the year.



**Business Plan 2025-30**

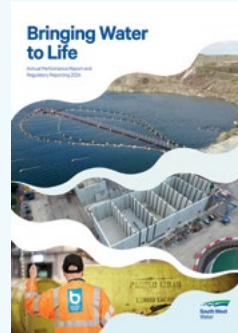
In October 2023 we published our Business Plan for 2025-30 'Right deal for Right now', which was given outstanding status by Ofwat's Draft Determination on the 11th July 2024. For further information on South West Water's New Deal visit

[www.southwestwater.co.uk/siteassets/documents/about-us/business-plans/2025-30/business-plan-2025-30.pdf](https://www.southwestwater.co.uk/siteassets/documents/about-us/business-plans/2025-30/business-plan-2025-30.pdf)



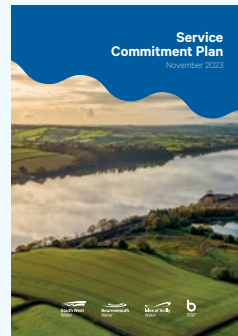
**Our websites**

The documents listed here are published on our websites ([www.southwestwater.co.uk](https://www.southwestwater.co.uk) and [www.bournemouthwater.co.uk](https://www.bournemouthwater.co.uk)) alongside other useful documents – such as our charges to customers for the year.



**Annual Performance Report and Regulatory Reporting**

The Annual Performance Report lays out our performance against the regulatory targets we have committed to achieve. Our Regulatory Reporting lays out key financial and non-financial performance for the year.



**Service Commitment Plan**

We publish regular updates on our action plans for our areas of focus, where we have been identified in Ofwat's Water Company Performance report as requiring improvement



**Assurance**

Our Data Assurance Statement is on page 63, and we provide relevant Board Assurance Statements for other significant submissions alongside.



**Pollution Incident Reduction Plan**

In September 2020 we launched our Pollution Incident Reduction Plan, responding to our performance in this area and reflecting our commitment to ensure pollution incidents are significantly reduced through the remainder of the regulatory reporting period.

We provided an update of the plan in December, focusing on the areas making the most difference.

To read the update, visit [www.southwestwater.co.uk/siteassets/document-repository/business-plan-2020-2025/pirp-update.pdf](https://www.southwestwater.co.uk/siteassets/document-repository/business-plan-2020-2025/pirp-update.pdf)



**DiscoverWater.co.uk**

We share our key comparable data with [www.DiscoverWater.co.uk](https://www.DiscoverWater.co.uk) who provide a user-friendly summary of English and Welsh water companies' data. We voluntarily obtain specific assurance from our technical auditor Jacobs in view of the importance of this data.

## I Assurance continued

### Summary of external assurance in respect of the Annual Performance Report and Regulatory Reporting

Section 1	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>1A</b> Income statement	EY	Regulatory Audit Opinion	Page 106	Pages 86 to 88
<b>1B</b> Statement of comprehensive income	EY	Regulatory Audit Opinion	Page 108	Pages 86 to 88
<b>1C</b> Statement of financial position	EY	Regulatory Audit Opinion	Page 109	Pages 86 to 88
<b>1D</b> Statement of cash flows	EY	Regulatory Audit Opinion	Page 111	Pages 86 to 88
<b>1E</b> Net debt analysis	EY	Regulatory Audit Opinion	Page 112	Pages 86 to 88
<b>1F</b> Financial flows	EY	Regulatory Audit Opinion	Pages 116 and 216	Pages 86 to 88
Section 2	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>2A</b> Segmental income statement	EY	Regulatory Audit Opinion	Pages 118 and 218	Pages 86 to 88
<b>2B</b> Totex analysis – by wholesale price controls	EY	Regulatory Audit Opinion	Pages 120 and 219	Pages 86 to 88
<b>2C</b> Cost analysis – retail	EY	Regulatory Audit Opinion	Pages 121 and 220	Pages 86 to 88
<b>2D</b> Historical cost analysis of fixed assets – by price control	EY	Regulatory Audit Opinion	Pages 122 and 221	Pages 86 to 88
<b>2E</b> Analysis of 'grants and contributions' – water resources, water network plus and wastewater network plus	EY	Regulatory Audit Opinion	Pages 123 and 222	Pages 86 to 88
<b>2F</b> Residential retail	EY	Regulatory Audit Opinion	Page 124 and 223	Pages 86 to 88
<b>2G</b> Non-household water – revenues by tariff type	N/A	N/A	N/A	N/A
<b>2H</b> Non-household wastewater – revenues by tariff type	N/A	N/A	N/A	N/A
<b>2I</b> Revenue analysis & wholesale control reconciliation <sup>1</sup>	EY	Regulatory Audit Opinion	Pages 125 and 224	Pages 86 to 88
<b>2J</b> Infrastructure network reinforcement costs	EY	Regulatory Audit Opinion	Pages 126 and 225	Pages 86 to 88
<b>2K</b> Infrastructure charges reconciliation	EY	Regulatory Audit Opinion	Pages 126 and 225	Pages 86 to 88
<b>2L</b> Analysis of land sales	EY	Regulatory Audit Opinion	Pages 124 and 223	Pages 86 to 88
<b>2M</b> Revenue reconciliation	EY	Regulatory Audit Opinion	Pages 127 and 226	Pages 86 to 88
<b>2N</b> Residential retail – social tariffs	EY	Regulatory Audit Opinion	Pages 128 and 227	Pages 86 to 88
<b>2O</b> Historic cost analysis of intangible fixed assets – by price control	EY	Regulatory Audit Opinion	Pages 132 and 230	Pages 86 to 88
Section 3	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>3A</b> Outcome performance – water common performance commitments	Jacobs <sup>4</sup>	Technical audit – agreed upon procedures	Pages 133 and 231	Pages 90 to 95
<b>3B</b> Outcome performance – wastewater common performance commitments	Jacobs	Technical audit – agreed upon procedures	Page 140	Pages 90 to 95
<b>3C</b> C-MeX	Jacobs	Technical audit – agreed upon procedures	Pages 145 and 239	Pages 90 to 95
<b>3D</b> D-MeX	Jacobs	Technical audit – agreed upon procedures	Pages 146 and 240	Pages 90 to 95
<b>3E</b> Outcome performance – non- financial performance commitments	Jacobs	Technical audit – agreed upon procedures	Pages 147 and 241	Pages 90 to 95
<b>3F</b> Underlying calculations for common performance commitments – water and retail	Jacobs	Technical audit – agreed upon procedures	Pages 151 and 245	Pages 90 to 95
<b>3G</b> Underlying calculations for common performance commitments – wastewater	Jacobs	Technical audit – agreed upon procedures	Page 152	Pages 90 to 95
<b>3H</b> Summary information on outcome delivery incentive payments	Jacobs	Technical audit – agreed upon procedures	Pages 153 and 246	Pages 90 to 95
<b>3I</b> Summary outcomes information	Jacobs	Technical audit – agreed upon procedures	Pages 153 and 246	Pages 90 to 95

Section 4	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>4A</b> Bulk supply information	T&T	Technical audit – agreed upon procedures	Pages 154 and 247	Page 96
<b>4B</b> Analysis of debt	EY	Financial agreed upon procedures	Pages 154 and 247	Pages 86 to 88
<b>4C</b> Impact of price control performance to date on RCV	EY	Financial agreed upon procedures	Pages 156 and 248	Pages 86 to 88
<b>4D</b> Totex analysis – wholesale water resources and water network+	EY	Financial agreed upon procedures	Pages 159 and 250	Pages 86 to 88
<b>4E</b> Totex analysis for – wholesale wastewater	EY	Financial agreed upon procedures	Page 160	Pages 86 to 88
<b>4F</b> Major project capital expenditure by purpose – wholesale water	T&T	Technical audit – agreed upon procedures	Pages 161 and 251	Page 96
<b>4G</b> Major project capital expenditure by purpose – wholesale wastewater	T&T	Technical audit – agreed upon procedures	Page 161	Page 96
<b>4H</b> Financial metrics	EY	Financial agreed upon procedures	Pages 161 and 251	Pages 86 to 88
<b>4I</b> Financial derivatives	EY	Financial agreed upon procedures	Page 162	Pages 86 to 88
<b>4J</b> Base expenditure analysis – wholesale water	EY	Financial agreed upon procedures	Pages 163 and 253	Pages 86 to 88
<b>4K</b> Base expenditure analysis – wholesale wastewater	EY	Financial agreed upon procedures	Page 164	Pages 86 to 88
<b>4L</b> Enhancement expenditure – water resources and water network+	T&T	Financial agreed upon procedures	Pages 165 and 254	Page 96
<b>4M</b> Enhancement expenditure – wastewater network+ and bioresources	T&T	Financial agreed upon procedures	Page 167	Page 96
<b>4N</b> Developer services – water resources and water network+	EY	Financial agreed upon procedures	Pages 169 and 255	Pages 86 to 88
<b>4O</b> New developments expenditure – wastewater network+ and bioresources	EY	Financial agreed upon procedures	Page 169	Pages 86 to 88
<b>4P</b> Expenditure on non-price control diversions	EY	Financial agreed upon procedures	Pages 170 and 255	Pages 86 to 88
<b>4Q</b> Developer services non-financial data	Jacobs	Technical audit – agreed upon procedures	Pages 170 and 256	Pages 90 to 95
<b>4R</b> Non financial information – Properties, customers and population	Jacobs	Technical audit – agreed upon procedures	Pages 170 and 256	Pages 90 to 95
<b>4S</b> Green Recovery expenditure for the 12 months ended 31 March 2024 – water resources and water network+	EY	Financial agreed upon procedures	Page 172	Pages 86 to 88
<b>4T</b> Green Recovery expenditure for the 12 months ended 31 March 2024 – wastewater network+ and bioresources	EY	Financial agreed upon procedures	Page 173	Pages 86 to 88
<b>4U</b> Impact of Green Recovery on RCV	EY	Financial agreed upon procedures	Page 174	Pages 86 to 88
<b>4V</b> Mark-to-market of financial derivatives analysed based on payment dates	EY	Financial agreed upon procedures	Page 175	Pages 86 to 88
<b>4W</b> Defined Benefit Pension Scheme – Additional Information	EY	Financial agreed upon procedures	Page 175	Pages 86 to 88
<b>4X</b> Accelerated infrastructure delivery project expenditure – water resources and water network+	EY	Financial agreed upon procedures	Page 176 and 258	Pages 86 to 88
<b>4Y</b> Accelerated infrastructure delivery project expenditure – wastewater network+ and bioresources	EY	Financial agreed upon procedures	Page 176	Pages 86 to 88

## I Assurance continued

### Summary of external assurance in respect of the Annual Performance Report and Regulatory Reporting continued

Section 5	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>5A</b> Water resources asset and volume data	T&T	Technical audit – agreed upon procedures	Pages 178 and 260	Page 96
<b>5B</b> Water resources operating cost analysis	T&T	Financial agreed upon procedures	Pages 179 and 261	Page 96
Section 6	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>6A</b> Raw water transport, raw water storage and water treatment	T&T	Technical audit – agreed upon procedures	Pages 180 and 262	Page 96
<b>6B</b> Treated water distribution – assets and operations	T&T	Technical audit – agreed upon procedures	Pages 182 and 263	Page 96
Section 6	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>6C</b> Water network+ – Mains, communication pipes and other data	T&T	Technical audit – agreed upon procedures	Pages 184 and 264	Page 96
<b>6D</b> Demand management – metering and leakage activities	T&T	Financial agreed upon procedures	Pages 185 and 265	Page 96
<b>6F</b> WRMP annual reporting on delivery – non-leakage activities	Jacobs	Technical audit – agreed upon procedures	Pages 185 and 266	Pages 90 to 95
Section 7	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>7A</b> Wastewater network+ – Functional expenditure	T&T	Financial agreed upon procedures	Page 186	Page 96
<b>7B</b> Wastewater network+ – Large sewage treatment works	T&T	Technical audit – agreed upon procedures	Page 186	Page 96
<b>7C</b> Wastewater network+ – Sewer and volume data	T&T	Technical audit – agreed upon procedures	Page 188	Page 96
<b>7D</b> Wastewater network+ Sewage treatment works data	Jacobs	Technical audit – agreed upon procedures	Page 190	Pages 90 to 95
<b>7E</b> Wastewater network+ Energy consumption and other data	T&T	Technical audit – agreed upon procedures	Page 192	Page 96
<b>7F</b> Wastewater network+ – WINEP phosphorus removal scheme costs and cost drivers	T&T	Technical audit – agreed upon procedures	Page 192	Page 96
Section 8	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>8A</b> Bioresources sludge data	Jacobs	Technical audit – agreed upon procedures	Page 194	Pages 90 to 95
<b>8B</b> Bioresources operating expenditure analysis	T&T	Financial agreed upon procedures	Page 195	Page 96
<b>8C</b> Bioresources energy and liquors analysis	Jacobs	Technical audit – agreed upon procedures	Page 196	Pages 90 to 95
<b>8D</b> Bioresources sludge treatment and disposal data	Jacobs	Technical audit – agreed upon procedures	Page 197	Pages 90 to 95
Section 9	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>9A</b> Innovation competition	T&T	Financial agreed upon procedures	Pages 198 and 268	Page 96
Section 10	External Assurer	Type of Assurance	Table reference	External Assurance Summary
<b>10A</b> Green Recovery non-cost data for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Page 200	Pages 90 to 95
<b>10B</b> Green Recovery water outcome performance analysis for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Page 201	Pages 90 to 95
<b>10C</b> Green Recovery wastewater outcome performance analysis for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Page 202	Pages 90 to 95

<b>10D</b>	Green Recovery data capture outcome performance for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Page 202	Pages 90 to 95
<b>10E</b>	Green Recovery data capture reconciliation for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Page 203	Pages 90 to 95
<b>10F</b>	Accelerated infrastructure delivery projects data capture additional item for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Pages 205 and 270	Pages 90 to 95
<b>10G</b>	Additional reporting to account for impacts of transition expenditure for the 12 months ended 31 March 2024	N/A	N/A	N/A	N/A
<b>10H</b>	Accelerated schemes data capture reconciliation model input	Jacobs	Technical audit – agreed upon procedures	Pages 207 and 271	Pages 90 to 95
<b>Section 11</b>		<b>External Assurer</b>	<b>Type of Assurance</b>	<b>Table reference</b>	<b>External Assurance Summary</b>
<b>11A</b>	Greenhouse gas emissions reporting for the 12 months ended 31 March 2024	Jacobs	Technical audit – agreed upon procedures	Pages 210 and 272	Pages 90 to 95
<b>Other Annual Performance Report Information</b>		<b>External Assurer</b>	<b>Type of Assurance</b>	<b>Table reference</b>	<b>External Assurance Summary</b>
<b>A</b>	Long-term resilience & viability statement	EY	Regulatory Audit Opinion	Page 73	Pages 86 to 88
<b>B</b>	Annual performance information provided for the Discover Water website	Jacobs	Technical audit – agreed upon procedures	N/a	Report provided to Water UK

- Including both the South West Water and Bournemouth Water tables.
- The abstraction incentive mechanism (AIM) table is not applicable to South West Water. The technical auditor, Jacobs, has reviewed this assessment.
- The Shadow Reporting tables have been reported to Ofwat and not published.
- Two of the Bournemouth Water performance commitments, relating to financial data, are covered under EY's agreed upon procedures.
- Unit cost metrics information is based upon non-financial information included within the scope of Jacobs' technical audit – agreed upon procedures. The calculations based upon this non-financial information are within the scope of EY's financial agreed upon procedures.
- In addition to statutory audit requirements.

## Other items

Many of our required annual disclosures are contained within this Annual Performance Report and Regulatory Reporting, however some are contained in our other related publications:

Disclosure	Location
Statement on directors' pay	Detailed disclosures in the Remuneration Report
Statement on disclosure of information to auditors	See page 68
Dividend policy	See page 99
Accounting policy note for price control units	See page 97
Revenue recognition note	See page 97
Capitalisation policy note	See page 98
Bad debt policy note	See page 98
Tax strategy for the appointed business	See page 104
Long-term viability statement	See page 73
RoRE summary	See page 35
Totex – difference between actual and allowed totex in table 4C	See page 156
Accounting Methodology Statement	<a href="http://www.southwestwater.co.uk/report2024">www.southwestwater.co.uk/report2024</a>

## Open data

South West Water has again published its Annual Performance Report data in spreadsheet form on our website in addition to the Annual Performance Report document. We have reviewed the structure of commentary in respect of our performance data within our Annual Performance Report document and aligned this to the data tables in section 3 of this report.

South West Water is a member of the 'Stream' project to transform customer services in the water sector by driving innovation through data sharing.

As one of the 11 Stream member companies, we also intend to work together as part of this initiative to progress the publication of supporting datasets associated with the APR tables. This will ensure we focus on facilitating data re-users to more easily join up data from individual companies to maximise the potential benefits of publication. Stream's Use Case and Market Needs advisory group will consider the APR performance tables (and their supporting datasets) as part of their assessment to create a prioritised pipeline of datasets to publish.

See more on pages 22 to 23.

## I Assurance continued

### Assurance – WaterShare+ Group Panel

It has been another challenging year for the water sector, with an extremely wet winter, intense political and media scrutiny, and the urgent need to improve standards. The WaterShare+ Group Panel is all about making sure that customer concerns and needs are put right to the front at South West Water, Bournemouth Water, and Bristol Water.

As an independent panel we are formed of eight members, providing scrutiny and challenge for all local customers and wider stakeholders. As such, we are recognised by OFWAT as the Independent Challenge Group (ICG) for South West Water, Bournemouth Water, and Bristol Water. We hold regular in-depth scrutiny and challenge sessions directly with the Chief Executive and other Executive Directors of South West Water, asking vital questions on the delivery of the company's business plan commitments, customer research, and specific issues arising from customer concerns. We also invite customers to take part in these meetings alongside us – enabling those interested to challenge the Executives direct.

At all these meetings we have been able to drill into the operational issues that a water company faces. To ensure we are well-informed and effective, we are advised by experts from the key industry regulators, namely the Environment Agency, the Consumer Council for Water and Natural England. They attend the meetings alongside us – and also provide us with independent briefings and fact-checking. Working with these regulators means we can be more effective and we are very grateful for their assistance.

To make even more sure what we are told (and what is reported to the regulators) is accurate, we have direct access to the independent technical assurer Jacobs UK Ltd, which scrutinises the accuracy of company reporting and with whom we review the company's data, information and audit requirements. Jacobs have confirmed that the company's performance reporting is reliable and accurate, and the Panel has supported their recommendations for further improvements to the company's systems for monitoring and reporting.

In addition, over the last year we have scrutinised and input into the enormous work that goes into drawing up a new five-year business plan. These plans are required to set out for each company their performance, investment and customer bill commitments. The new one covers the next five-year Business Plan period 2025-2030. It is a requirement of the water regulator, OFWAT, for companies to submit stretching business plans that best address customer demand for safe water to drink, and to clean up wastewater to protect the environment – and do so at a cost customers can afford.

Overseeing and challenging the business planning process has been a key focus of the Panel over the last year, and the Panel believes it has played a significant role in ensuring that customer and stakeholder voices were heard during this process, and incorporated into the new Plan, significantly improving it. Vitally, we emphasised that the plan must put customer priorities first. We consistently challenged the company to demonstrate it responded to customers, informing its plan through detailed customer research and reflecting their concerns. In particular, this meant how it will reduce the use of storm overflows, which are of increasing public concern.

Throughout the year our view is that the company has worked well with us – submitting itself to scrutiny from the Panel and customers more widely and providing the information we have asked for. This is not just the view of the Panel. The Consumer Council for Water (the national independent voice for water consumers in England and Wales), has singled out the company as one of just four that has worked well with its Independent Challenge Group during drawing up the current new Business Plan.

Improving services can come at a cost that not all customers can afford. The Panel has pressed for, scrutinised and welcomed the company's innovative introduction of progressive charging trials in selected areas across the South West. Through these trials the company is exploring new charging structures, such as charging more during peak times (when water is short), whilst charging less when it is plentiful – or charging more for very high usage for some customers (eg. for things like large gardens and hot-tubs), which it plans to roll out if successful in the new Plan period. Customers who need extra help for special needs would of course be protected. We welcome these trials, as they show real promise to demonstrate how customer bills can be made fairer – making them more affordable for ordinary customers, and more reflective of environmental impacts. These trials are not just about fairness, they are also important to reduce water wastage and improve the resilience of water resources in the South West, which we know customers want to see. This is vital not just here but across the UK.

As the challenges of the water sector are evolving, so has the role of the Panel. Over the last year we have welcomed new Panel members and said goodbye (with enormous thanks for their work) to others. To involve more customers we now meet even more regularly, holding both meetings online and new in-person meetings locally, where all customers who express an interest are welcome to join the Panel for the day, and question the company executive directly, as well as talking to us about their priorities. As a Panel, we believe this is an important way for the company to hear what customers have to say directly and not just through the Panel, and it also allows us to keep our ears to the ground, which allows us to remain in close touch with evolving customer concerns, so that we can better challenge the company.

The Panel also oversees the operation of the company's unique WaterShare+ framework, which shares the benefits of successful company performance by offering free shares in the company to all customers (or a bill discount for those who prefer it). These shares give customers a greater say in how the business operates as shareholders, including the opportunity to attend the company Annual General Meeting. All customers are invited to attend the Panel's Customer Annual General Meeting.

Since 2020, thousands of customers have taken shares, with 1 in 14 customers now shareholders across Devon, Cornwall, Bournemouth, and Bristol. Alongside the work of the Panel, we believe this contributes to the effectiveness of WaterShare+ in bringing customer voices into the decision-making process of the business as owners, as well as customers. We look forward to expanding WaterShare+ to the company's new customers served by SES Water in the year ahead, as SES customers (a water only company like Bournemouth and Bristol, covering a region south of London) become part of the Group.

In the coming year the Panel will continue to work with the company's Board, Executive, its customers, and the wider community to ensure that WaterShare+ achieves its full potential. We look forward to addressing the ongoing challenges of ensuring the company fully responds to the priorities of its customers, as it significantly steps up investment to address customer concerns we continue to raise.

#### Lord Matthew Taylor Chair of the WaterShare+ Group Panel



Meetings on the Company's website: [www.southwestwater.co.uk/about-us/watershareplus/meeting/](http://www.southwestwater.co.uk/about-us/watershareplus/meeting/) and the Panel will publish its own annual report in September.



## Bristol Water Challenge Panel

The Bristol Water Challenge Panel (BWCP) forms part of the WaterShare+ Group panel, on which I and the Deputy Chair of the challenge panel sit. On this larger panel, we ensure that Bristol Water customers and stakeholders have their views heard in the wider decision-making processes and provide assurance that reported performance is accurate and reliable across the group, including for Bristol Water.

Over the last year the company has been working on its business plan for 2025-30, which for the first time is a joint plan covering all of South West Water, Bournemouth Water, and Bristol Water. In our roles on the WaterShare+ Group Panel, my deputy and I have ensured that the needs of Bristol Water customers and stakeholders have been taken into account in this new combined plan. We are pleased that Bristol Water will maintain some separate performance metrics, such as customer experience, in which it outperforms.

The WaterShare+ panel holds four public meetings across the year and includes all regions, Devon, Cornwall, Bournemouth and Bristol. These meetings allow customers to meet and put their points directly to company executives. The Bristol meeting was held in April 2024.

The Bristol Water Challenge Panel during 23/24 saw four new members join the panel, Patrick Keating, Ros Wyke, Laura Henley and Colin Williams. All are passionate about being the voices for our Bristol Water customers. The panel's role is to focus on scrutinising the performance of Bristol Water against the commitments laid out in its business plan and publishes an annual report on behalf of customers, which covers how the company has responded to challenges and successes over the previous year. Specifically, we monitor and challenge how Bristol Water is performing against its 29 performance commitments (PCs) laid out in its plan for 2020-25 and as amended by the Competition and Markets Authority in March 2020. The challenge panel has done this, both at the mid-year and end-of-year positions, challenging the company to explain the reasons for changes in its performance.

There was a particular challenge this winter when a large water main burst in the Winterbourne area, leaving some families without running water on Christmas Day. The company worked very hard to restore supply, and we have issued challenges on how communication can be improved after such events and how they could be prevented in the first instance. We accept that water companies are challenged by extreme weather, however, we always believe there is opportunity for the company to improve.

As well as this there have been operational issues at the company's largest treatment works at Purton, which have impacted performance metrics. On this, we have issued challenges to the company to explain to us why these have occurred and how they will be rectified.

While overall performance has been challenging over the last year, the Challenge Panel have been most pleased with Bristol Water's customer experience performance. The company has risen from 6th place to 4th out of the 17 water companies in England and Wales. This is great news for the customers that we represent. As well as this, Bristol Water has maintained a 0% rate of water poverty in the region, signalling the business' commitment to its customers. This has been achieved through concerted efforts by the company to improve and market bill discounts, payment plans, and free debt advice for those who are struggling with their water bill. As well as this, the company has exceeded its target number of customers on the Priority Services register.

The challenge panel thanks Bristol Water for its openness and transparency throughout the year and for providing regular, timely briefings and presentations, and sharing its thinking on how it intends to improve its operational performance and customer service.

### Mrs Peaches Golding OBE CStJ

**Chair of the Bristol Water Challenge Panel**

**Deputy Chair of the WaterShare+ Group Panel**



# Independent Auditor's report

## Independent Auditor's report to the Water Services Regulation Authority (the WSR) and the Directors of South West Water Limited

### Opinion

We have audited the sections of/tables within South West Water Limited (the 'Company') 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 operating cost analysis for retail (table 2C), the historical cost analysis of fixed assets for wholesale and retail (table 2D), the analysis of grants and contributions and land sales for wholesale (table 2E), the household water revenues by customer type (table 2F), the revenue analysis & wholesale control reconciliation (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), residential retail social tariffs (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, South West Water's Regulatory Accounting Statements have been properly prepared, in all material respects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSR (RAG 1.09, RAG 2.09, RAG 3.14, RAG 4.12 and RAG 5.07) and the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2), set out on page 97.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, 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 Auditors' 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 public interest entities, 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 WSR. 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 WSR'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 WSR.

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 106 to 273 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 this matter.

### Conclusions relating to going concern

In auditing the Regulatory Accounting Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the process undertaken by management to perform the going concern assessment.
- We have obtained management's going concern assessment, including the cash flow forecast, liquidity requirements and forecast covenant calculations for the going concern period which covers the period from approval of the 2024 financial statements through to 31 July 2025, and have tested this for arithmetical accuracy. Management has modelled a downside scenario in their cash flow forecast and covenant calculations in order to incorporate unexpected changes in the forecast liquidity and covenant compliance of the company.
- We have challenged the forecasts used for the going concern assessment period, agreed the data to the Board approved plan and, where applicable, corroborated the data with audit information from other areas, including capital commitments, impairment and deferred tax asset recoverability testing. We have evaluated the appropriateness of the key assumptions in management's forecasts including revenue growth, by comparing these to year-to-date performance and through consideration of historical forecasting accuracy and the impact of regulatory price increases.
- The company has an agreed business plan with Ofwat for the five year price period from 1 April 2020 to 31 March 2025. The tariffs allowable for the next five year period to 31 March 2030 are currently under review by Ofwat. We have compared the key assumptions in the company's regulated water business forecasts to the business plans and pricing determinations submitted to Ofwat, for consistency. In addition to this we confirmed that, within the downside scenario, management has considered the risk of changes to the proposed tariffs and the impact this could have on forecast liquidity and covenant compliance of the company.
- We have evaluated management's stress test modelling including management's downside scenario and specific risk register probability-weighted scenarios, to understand the impact on the company's liquidity and covenant ratios. Management has also modelled a reverse engineered scenario (reverse stress test) assuming all the principal risks materialise within the going concern period with no probability weightings attached. We assessed the reasonableness of management's stress test scenarios by performing our own sensitivity analysis for severe but plausible scenarios.
- We have compared the risks identified and modelled in the cash flow forecasts of management's downside scenario to the company risk register and evaluated the quantification by management. We have considered whether there are other alternative risks that should be taken into consideration based on our knowledge of the business. Our procedures included evaluating management's assessment of the impact of climate change within the going concern period, including the principal risk of availability of sufficient water resources to meet current and future demand, as well as sufficiency of funds available to the company to support the required capital expenditure.
- We have compared facilities assumed in the forecasts to supporting loan documentation and to covenant terms. For facilities, where changes to terms are not finalised or facilities are unagreed at the date of approval of the financial statements, we have evaluated the impact on covenants and liquidity headroom based on existing terms.
- We have evaluated, including assistance from our specialist, events impacting the company immediately after the end of the going concern assessment period, including the effects of maturity of loans and facilities on the company's ability to continue as a going concern.
- We performed testing to consider the likelihood of a scenario causing a liquidity issue or breach of covenants, including the impact of controllable mitigating actions, where relevant.
- We have reviewed the company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

We observed at 31 March 2024, the company had access to undrawn committed facilities of £295 million and cash and short-term and other deposits totalling £26 million. The company generated positive net cash flows from operating activities of £163.8 million. Subsequent to the year end date, the company has secured a £150m private placement. Management's forecasts indicate there is headroom in the base case and in the downside scenario. Management considers the reverse engineered scenario, that all the company's principal risks are incurred within the going concern period with no probability weightings attached, to be remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditors' 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, 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 44, 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, the company's legal counsel, the regulatory team and the internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included Regulatory Accounting Guidelines as issued by the WSRA, UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are;
  - Companies Act 2006
  - Financial Reporting Council (FRC) and the UK Corporate Governance Code
  - Tax legislation (governed by HM Revenue & Customs)
  - Health and Safety legislation
  - Environment Agency environmental permits
  - Ofwat regulations
- We understood how South West Water Limited is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment, including the level of oversight of those charged with governance. We made enquiries of the company's legal counsel, regulatory team and internal audit of known instances of non-compliance or suspected non-compliance with laws and regulations. We corroborated our enquiries through review of correspondence with regulatory bodies. We designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above. As well as enquiry and attendance at meetings, our procedures involved a review of the reporting to the above committees and a review of board meetings and other committee minutes to identify any non-compliance with laws and regulations. Our procedures also involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management, including the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Audit Committee Chair. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over areas involving significant estimation and judgement. Further discussion of our approach to address the identified risks of management override are set out in the key audit matters section of our report.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of key management and legal counsel, reviewing key policies, inspecting legal registers and correspondence with regulators and reading key management meeting minutes. We also completed procedures to conclude on the compliance of significant disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the company's voluntary compliance with the UK Corporate Governance Code.
- We attended key meetings with management and legal counsel in order to identify and communicate any instances of non-compliance with laws and regulations
- The company operates in the water sector which is highly regulated. As such the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

## I Independent Auditor's report continued

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 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 17 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.

**Christabel Cowling (Senior Statutory Auditor)**  
**for and on behalf of Ernst & Young LLP, Statutory Auditor**  
**London**  
15 July 2024

# Assurance Report

## Introduction

### 1. Introduction

South West Water (SWW) has compiled its Annual Performance Report for the period 01 April 2023 to 31 March 2024, which is the fourth year of AMP7. SWW has 44 Performance Commitments (PCs) for the AMP7 period defined in Ofwat’s PR19 Final Determination dated December 2019. The set of PCs cover all supply regions of the Company as the South West Water region, the Bournemouth Water region (water supply only) and the Isles of Scilly. Bristol Water (water supply only) was acquired by Pennon in June 2021. Bristol Water (BRL) has 29 PCs which are reported separately.

#### 1.1 Scope of audit

SWW requested Jacobs’ Technical Assurance team to provide assurance of all PCs being reported in the Annual Performance Report 2024 for SWW and BRL.

The objective of Jacobs’ assurance work is to provide independent assurance to SWW’s Audit Committee and Board that SWW’s and BRL’s performance information is accurate, reliable and complete and that SWW and BRL are correctly reporting against the PC definitions.

The scope of our work was agreed in advance with SWW and covered non-financial data published in the APR which feeds the PCs and a review of the PCs. SWW also requested that we review forecasts, where relevant, for the remaining year of the AMP (year 5).

#### 1.2 Audit & assurance approach

Our approach to the assurance work was to review the processes, procedures, systems, data and analysis in place to gather and report performance information in line with Ofwat’s prescribed definitions (RAG 4.12, and the PC definitions in the 2019 FD) and the required format in the data tables.

We met with process and data owners to obtain evidence of documented procedures and methodologies which describe the data sources, systems and processes in place. We sampled information tracing it back to corporate data sources to confirm that the stated processes were being followed to verify the information. We also reviewed governance arrangements for checking, verification and approval of information by the accountable managers and directors.

If material a concern was identified through audit, it was reported to the team and senior management responsible for the data via our Summary of Audit Findings (SAF) report. In the event the concern was not resolved (or could not be resolved, for example, due to time constraints) we alerted the Audit Committee and Board via our Interim Report and Board Assurance report (this report) which provides a high-level summary of our assurance activities.

We expanded the time for audits of leakage, PCC and the overall water balance (Bristol and SWW), allowing eight days for this activity, in view of the S203 Ofwat investigation and the findings of the Welsh Water investigation.

We applied additional scrutiny to Unplanned Outage which Ofwat emphasised in IN24/01.

Performance of Bathing Water Quality was subject to detailed technical review and a separate report has been produced detailing our findings.

Our audits commenced in January 2024 for information reported on a calendar year basis. The year-end audits took place between 03 April 2024 and 27 June 2024 in line with the agreed programme.

### 1.2 Audit & assurance approach continued

The majority of audits took place remotely via Microsoft Teams. We presented a progress statement to the Executive Committee on 29 April 2024 followed by attending the SWW/Pennon Audit Committee on 13 May 2024..

Our audit tests were agreed with SWW’s Risk & Compliance team to be applied to all audits of SWW and BRL data.

Our audit findings were scored for reporting risk against the Red, Amber, Green and Blue criteria below, and recorded in our Summary of Audit Findings reports:

- No concerns and compliant with requirements
- Minor concerns
- Material concerns
- Non-material observation or suggested opportunity for improvement

### 2. Audit opinion

#### 2.1 South West Water & Bristol Water

Our audits have confirmed that South West Water and Bristol Water have processes in place to ensure that information published in the Companies’ Annual Performance Reports accurately reflect the performance of each Company.

Both companies have methodologies in place which align to Ofwat’s requirements in RAG 4.12 and the definitions in the PR19 Final Determinations.

Jacobs’ audits identified exceptions for leakage and unplanned outage at SWW and BRL. These relate to:

#### SWW – leakage

The unmeasured household consumption monitor does not meet the guidance because the monitor sample is based on 185 properties, whereas the guidance requires representative sample of 1000 properties. SWW is aware of this and has progressed with the installation of monitors in the 2023/24 year and expects to have c.800 monitors by the end of July 2024 to support the assumptions for the 2024/25 report year.

#### BRL – leakage

The Water Balance Gap (Reconciliation Error) remains ‘red’ on Ofwat’s RAG compliance checklist. It is now very close to the 5% limit to use the Maximum Likelihood Estimation (MLE) methodology. We recommend that the company develops a funded action plan for 2024/25 to improve the robustness of the water balance.

#### SWW – unplanned outage

The stated Peak Week Pumping Capacity (PWPC) is not evidenced by pumping tests every 5 years. Historical operational data is used to support the PWPC. This is not consistent with the guidance requirement that states that the PWPC should be defined by pumping tests. There was also a lack of evidence provided at audit for adjusting the PWPC value at two sites.

#### BRL – unplanned outage

The stated PWPC is not evidenced by pumping tests every 5 years. This is not consistent with the guidance requirement that states that the PWPC should be defined by pumping tests. BRL explained the PWPCs are likely to be based upon design capacities however evidence was not available at audit to support this. Historical operational data shows that site outputs are considerably lower than the PWPC at most sites, suggesting capacity tests are required to confirm PWPCs.

#### Forecast performance for 2024/25

SWW’s and BRL’s forecasts for year 5 generally appear realistic and are produced in a consistent manner. We discussed risks to future performance for the remainder of the AMP and the Companies are aware of these with plans in place to achieve targets. We note that achieving some PCs can be influenced by external events (e.g. weather) which are outside of the Companies’ control.

The majority of data had been signed off by relevant managers.

Item	RAG	Audit statement
<b>SWW &amp; BRL PC information &amp; Annual Performance Report 2024</b>	<span style="color: green;">●</span>	Based on our sample checks, we conclude that the performance information reported to 31 March 2024 is accurate, reliable and complete, and we agree the reported metrics represent SWW’s and BRL’s outturns against 2023/24 targets.  We confirmed that reported PC information uses audited APR data as the source information for most PCs. Where information is not sourced from APR data, we confirmed robust systems are in place to capture the required information.  The majority of information presented for audit had been through SWW’s and BRL’s governance processes. Some final signoffs remained outstanding at the time of audit.
<b>SWW Achievement of AMP7 year 4 PCs</b>	<span style="color: green;">●</span> 29 <span style="color: blue;">●</span> 15	SWW has 44 PCs with annual targets for each year of AMP7. SWW has achieved or outperformed 28 of the year 4 targets. In APR23, SWW met or outperformed 31 PC targets.
<b>BRL Achievement of AMP7 year 4 PCs</b>	<span style="color: green;">●</span> 19 <span style="color: blue;">●</span> 10	BRL has 29 PCs with annual targets for each year of AMP7. BRL has achieved or outperformed 19 of the year 4 targets. In APR23, BRL met or outperformed 18 PC targets.

# Assurance Report

## Key findings

### 3.1 South West Water

We have assessed the information within our scope against the audit tests and can confirm that the PC information provides a fair and reasonable account of SWW's performance against the PC targets for year 4 of AMP7.

Our audits found:

#### Key Findings

- Levels of compliance with SWW's internal requirements and definitions of performance commitments in the 2019 FD have remained high across all functions. SWW has restructured its methodologies to achieve consistency across SWW and BRL. We found that some methodology documents need some further refinement.
- Progress with the PCs is reported monthly through the Directors' Report which is reviewed by the Executive Management and Outcome Delivery Incentive Committee demonstrating governance. Leakage performance is reported weekly.
- Leakage:
  1. SWW has met the ODI target by 2.2 MI/d despite an increase in the year from 112.3 MI/d to 118.5 MI/d, with the 3-year rolling average at 107.1 MI/d.
  2. There are clear processes for both leakage and the water balance. Whilst SWW has engaged a range of third-party support for the key assumptions, ownership of the water balance remains with SWW.
  3. Our data audit confirmed the bottom-up leakage figure. This has not changed from that seen in our process audit and what was included for the EA as part of the SDBI return.
  - 4. It was not possible to update the hour:day factor values for use in this reporting year due to an error in the calculation process by a third party, resulting in incorrect results. SWW engaged another third party to review the results; they also considered the values to be incorrect. With no significant new pressure management activities completed this year, the prior-year assumptions have been used for consistency and will be updated in 2024/25 when a full year's data is available.
  5. Trunk mains leakage and service reservoir losses are based on BABE assessments. We recommend moving towards flow balances once robust metering is in place.
  6. DI meter validation has been undertaken successfully at 24 out of 80 sites which has improved from an earlier audit. We recommend this programme is given greater support for 2024/25, including the replacement of meters.
  7. Meter under-registration for both measured HH and the PHC monitor are significantly higher than those used by other companies. We note a third-party model has been used consistently and SWW has plans to update these assumptions in 2024/25.
  8. We note that the unmeasured household consumption monitor is non-compliant with the guidance. The 2023/24 PHC is based on 185 properties, whereas the guidance suggests a representative sample of 1,000 properties is required for 'green' status. We do not consider the monitor is sufficiently accurate to ensure a robust water balance, particularly given the expectation of further reduction in the sample size in future years. SWW is aware of this and has installed 144 monitors this year and expects to have c.800 by the end of July to support the assumptions for next year.

The company is compliant across the components of the consistency RAG status, however there are a number of sub-components that are 'amber'. These are:

- 7a Hour:Day factor (updated but error by consultants meant it wasn't used)
- 13g Meter accuracy (new meters have higher errors than expected)
- 14c Company own use (above threshold but evidence based)
- 15b Other water use (above threshold but evidence based)

SWW is continuing to review its components of the water balance which we will assess in future audits.

- Per capita Consumption (PCC): The target to reduce PCC by 5.0% to 138.7 l/h/d from the 19/20 baseline (146.0 l/h/d) has not been achieved. SWW reports an unadjusted PCC of 151.8 l/h/d and 147.1 l/h/d with the covid adjustment introduced in 2020/21 to reflect a higher non-resident population which occurred during lockdown and since with second homes occupied for longer periods. Whilst SWW has evidence of the additional population which is in line with the Ofwat ODI guidance, it differs from the EA's guidance for the WRMP19.

- Unplanned outage:
 

The stated Peak Week Pumping Capacity (PWPC) is not evidenced by pumping tests every 5 years. Historical operational data is used to support the PWPC. This is not consistent with the guidance requirement that states that the PWPC should be defined by pumping tests. There was also a lack of evidence provided at audit for adjusting the PWPC value at two sites.

- Bathing Water Quality & WINEP schemes:
 

Our audit of bathing water quality performance was a detailed review of evidence and links to SWW's CSOs, Pollution Risk Forecasting, weather, tidal events and the time EA's samples were taken. The actual number reported each calendar year is the number of schemes meeting the requirement identified in the WINEP to improve bathing water quality, minus the number of bathing waters downgraded plus the number of waters upgraded due to company action. The number of bathing waters reported for 2023 is 151 which includes the newly designated Plymouth Firestone Bay.

We note that Watcombe was not classified again this year due to access issues following a landslip and has been closed for the last 3 seasons.

Plymouth Firestone Bay was newly designated in 2023 so no previous classification exists for this site. It was classified as 'excellent' in 2023 and so is excluded from the performance commitment.

We reviewed the Defra classifications and compliance statistics issued on 1 December 2023 and confirmed that 149 classified bathing waters met at least 'sufficient'. Of these, one bathing water had improved from 'good' to 'excellent' (Porthleven Sands) and four waters had moved from 'good' to 'sufficient' (Goodrington, Ilfracombe Hele, Par Sands & Sandy Bay). We note that 54 of the designated bathing water sites have no SWW CSO assets linked to them.

We reviewed the EA bathing water quality data for Porthleven Sands and its microbiological results over the last four seasons, confirming its 'excellent' classification status this year.

Each of the four bathing waters which moved from good to sufficient were interrogated in detail. We reviewed data of time samples were taken relative to any spill event, the duration of spills from EDM data, tide times and tidal cycles relative to spill occurrences, wind direction, catchment characteristics and the presence of seaweed on beaches. We provided a detailed technical report for review by SWW's Watershare+ panel members.

## Key Findings

●	<p><b>Bathing Water Quality &amp; WINEP schemes: Continued</b></p> <p>We conclude over the last three years, that when considering all the factors that impact bathing water quality, SWW assets were not wholly responsible for those beaches where classifications have changed, and the bathing water quality has deteriorated.</p> <p>SWW is on track to deliver the final two Bathing Water WINEP schemes by the end of AMP7. We observe that Plymouth is a complicated multi-AMP scheme with the initial WINEP obligation based on achieving 20,000m<sup>3</sup> storage equivalent benefit. This AMP will see work on surface water separation, reducing seawater infiltration, optimising existing storage tanks and redirecting sewers to reducing the volumes. There is a minor concern that the EA may not be wholly satisfied if this benefit is not proven by the March 2025 deadline.</p>
●	<p><b>Sewer blockages:</b></p> <p>The number of sewer blockages are being correctly reported. SWW has a process through the year where job classifications are challenged with the operational teams. Any errors are corrected in the job management system and are reflected in the final reported numbers.</p>
●	<p><b>Sewer Collapses per 1,000km:</b></p> <p>The total length of sewers increased last reporting year from 19,121km in 2021/22 to 23,028 km in 2022/23 following an external review. For 2023/24 SWW amended this post audit to reflect the position of 19,243km, which excludes impacts of South West Water's external review but includes the actual change in length year on year.</p>
●	<p>Currently for sewer collapses, there is no equivalent process of challenging collapse jobs with the operational teams (as there is for blockages). We recommend considering if there is a way to broaden the initial review to identify potentially mis-coded jobs.</p>
●	<p><b>Supply interruptions and Resilience in the Round:</b></p> <p>Verification of supply interruptions continues to be diligently managed for reporting against Supply Interruptions and Resilience in the Round. Supply interruptions has missed the target of 5 minutes 23 seconds per property, out-turning at 9 minutes 18 seconds.</p> <p>The PC for Resilience in the Round (water) has not been met reporting 945 properties off supply &gt;12 hours against the PC target of 552 properties. Weather events in November and December, together with a relatively large event in the Isles of Scilly, are the main contributors to the outturn performance. Notwithstanding missing the target, performance has improved compared to 2022/23.</p>
●	<p><b>Risk of sewer flooding in a storm:</b></p> <p>This has been correctly reported outperforming at 9.77% of the region's population at risk of internal hydraulic flooding from a 1 in 50-year storm, against a target of 27.08%. Data checks confirmed the reported performance had been produced in accordance with the stated methodology and vulnerability grades had been appropriately assigned.</p>
●	<p><b>Risk of Severe Restrictions in a Drought (RSRID):</b></p> <p>SWW rebased its data in 2022/23. The 2023-24 reported value is consistent with this value. The change in the reported RSRID between the two years is due to changes to the distribution input and deployable output (including the benefits of drought actions).</p> <p>The approach is an appropriate interpretation of the guidance and aligns with the objective of identifying the percentage of customers that would face severe restrictions in a drought.</p> <p>The calculation is very sensitive to the forecast of deployable output and distribution input, as a small change can move future years from surplus to deficit (or vice versa). For APR24 the company's drought actions have significantly improved the supply-demand balance across most zones, which is reflected in the improved RSRID value. The 2023-24 value is calculated using a robust process.</p>
●	<p><b>C-MeX:</b></p> <p>The target has not been met, with the outturn below median. We confirmed that the data and processes for customer service scores and customer experience surveys which feed the CSAT score were robust. We concur with the company's view that temporary use bans are a likely factor in the Customer Experience Survey score having declined more than the Customer Service Survey score, and therefore in the overall decline in the C-MeX ranking. This is consistent with the evidence we saw during the audit.</p>
●	<p><b>D-MeX:</b></p> <p>The processes for recording D-MeX performance against Water UK's metrics is sound and compliant with Water UK's metric definitions. We confirmed the resulting score following publication of the Q4 qualitative score by the 3rd party survey company on 31<sup>st</sup> May. SWW ranks 8th in the industry, one position above the median score. This is an improved position from 2022/23 where the Company was two positions below median.</p>
●	<p><b>Mains repairs:</b></p> <p>The target for mains repairs per 1,000 km of water main has been met at 134.9 against a target of 136.6. Performance is close to the ODI target and we confirmed correct reporting.</p>
●	<p><b>AMR meters installed for meter optants:</b></p> <p>We confirmed the definition had been followed for the PC AMR meters installed for meter optants, new connections and existing meter replacements on a yearly basis. Performance is in-line with previous years reporting 24,570 household AMR meters installed this year giving a cumulative total of 231,841 AMR meters exceeding the cumulative target of 225,705 for Year 4.</p>
●	<p><b>Pollutions (water, calendar year):</b></p> <p>The total number of water pollution incidents (Cat 1-3) associated with drinking water assets was 29 (28 in 2022). All classifications have been checked and challenged where appropriate and the process has been followed.</p>
●	<p><b>Pollutions (wastewater, calendar year):</b></p> <p>The total number of wastewater pollution incidents per 10,000 km of sewer (Cat 1-3) is 111.24 against a target of 22.4. Performance has deteriorated compared to 2022 and does not meet the ODI target. The number of self-reported incidents has increased to 182 in 2023 from 106 in 2022. This puts SWW in the "Better" category for year on year comparison by the EA. All classifications have been checked and challenged where appropriate and the process has been followed.</p>

## I Assurance Report continued

### Key Findings

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- Treatment works compliance and Total wastewater treatment works compliance:  
 Treatment works compliance outturns at 96.2%. Total wastewater treatment works compliance outturns at 97.9%. These targets (of 100%) have not been met. All reported data is compliant with internal and external reporting requirements.  
 We understand dosing issues for aluminium were present which has failed at the same site multiple years. This could be due to the addition of aluminium when trying to reduce suspended solids before sampling.  
 Zinc was also noted to be present only when groundwater levels were high, which the team attributes to leachate from an old airfield dumping site.

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 Treatment works compliance outturns at 96.2%. Total wastewater treatment works compliance outturns at 97.9%. These targets (of 100%) have not been met. All reported data is compliant with internal and external reporting requirements.
  - We understand dosing issues for aluminium were present which has failed at the same site multiple years. This could be due to the addition of aluminium when trying to reduce suspended solids before sampling.  
 Zinc was also noted to be present only when groundwater levels were high, which the team attributes to leachate from an old airfield dumping site.

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  - Priority services for customers in vulnerable circumstances  
 British Standard for inclusive service provision  
 Overall satisfaction of services received on the PSR  
 Number of customers on one of our support tariffs  
 Voids for residential retail  
 Percentage of customers who find their water bill affordable  
 Customer satisfaction with value for money:  
 All definitions have been following as per the FD and exclusions/inclusions have been followed. Audit checks are made in the PSR database and data is reviewed by the team monthly, as well as for the annual review. Performance is notably improved from a level which was already among the highest reaches among water companies, apart from Customer satisfaction with value for money.  
 All PC targets have all been achieved with the exception of 'Customer satisfaction with value for money'. This has declined noticeably in comparison to previous years reporting 70% of customers against a target of 74%. The commentary breaks this down as a decline starting in early 2023 and continuing through that calendar year before stabilising at a lower level towards the end of the reporting year. The decline was more prominent among SWW customers than among Bournemouth.  
 The plans for achieving the 2024/25 FD target are appropriate. These targets are already being met.

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  - Compliance Risk Index (CRI):  
 Data for the water quality indices are reported for the calendar year 2023 in line with the DWI's reporting requirements. The 2023 final values will be subject to DWI confirmation in the Chief Inspector's report issued in July 2024.  
 We confirmed the expected CRI reported by SWW at 3.02 which does not meet the target of 0.00 and is above the PC deadband value of 2.00. We reviewed the significant failures and DWI assessment letters for those which contributed to the CRI score.
  - CRI performance has been impacted by two failures at the largest WTW (Mayflower) and increased iron & manganese failures linked to the restrictions on flushing activities in areas where discolouration is prevalent.  
 Forecasts for 2024/25 have been produced based on performance to date and the ODI committed performance levels for all indices. We note that CRI is tracking above the FD of 1.5 primarily due to the WTW's failures this year and lack of flushing activities causing increased Iron & Manganese failures.

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  - Taste, Smell and Colour (TSC) contacts:  
 We confirmed this metric had been calculated using the population figure as the normaliser, submitted to the DWI in December 2022.
  - The Taste, Smell & Colour Contacts performance at 1.66 has been impacted by the water restrictions during the drought (23 Aug 2022-25 Sept 2023) and lack of flushing, tracking above the FD target of 1.42. Performance may return to target levels in 2024/25 dependant on the success of the enhanced flushing activities across Devon & Cornwall this year.

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  - Bournemouth Capital Schemes (Alderney WTW and Knapp Mill WTW):  
 We reviewed progress with the two major schemes. They are under the management of a highly experienced Project Director and Project Manager. Progress has been made during the year. The reported performance against the PC has been calculated in line with the documented methodology and Ofwat's requirements. SWW is reporting zero months late for both Alderney and Knapp Mill.  
 There have been many changes to the scope and programme deliverables since APR23. This is mainly due to price increases and longer lead times of materials resulting in costs exceeding those contained in the 2019 Business Plan. Since APR22, a redesign of both schemes has taken place to retaining some of the existing infrastructure and adding membrane filtration. This has been adopted as the solutions for Alderney and Knapp Mill. In turn this has reduced the amount of construction for Knapp Mill as manganese filtration, contact tanks and treated water storage are no longer required.  
 A key risk to delivery of the works at Alderney is provision of a new power supply required to operate the works. Scottish & Southern Energy Networks (SSEN) has advised that it needs to upgrade part of the grid that supplies Alderney which will take some time to implement. At our follow up audit (for Alderney) we established that SWW has discussed its requirements with SSEN and the importance of achieving the regulatory date. SSEN has proposed to provide a temporary power supply which should enable the works to be commissioned by 31 March 2025. SWW is assuming that SSEN is able to provide this temporary supply in its reporting that it is on schedule to deliver the works by regulatory date.  
 SWW is reporting zero days late for 2022/23 indicating the two capital projects are on programme:  
 Alderney – DWI date 31/12/2024, Ofwat PC date 31/03/2025. Currently forecasting delivery by the Ofwat date.  
 Knapp Mill – DWI and date Ofwat date 31/03/2027, brought forward to 31/03/2026 for Green Recovery. Currently forecasting delivery by the Green Recovery date.  
 SWW is actively managing risks to the construction projects which could impact on delivering by the dates set in the PCs. For 2023/24, following a second review in relation to the provision of the power supply to Alderney, we consider the schemes are currently on programme to meet the Ofwat and Green Recovery target dates.

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  - We confirmed information has been combined for the South West Water and Bournemouth Water regions (where appropriate). We also confirmed information for the Isles of Scilly has been integrated into the reported information (where appropriate, or as defined in the 2019 FD).
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### 3.2 Bristol Water

We have assessed the information within our scope against the audit tests and can confirm that the PC information provides a fair and reasonable account of BRL's progress against the PC targets for year 3 of AMP7, with a number of minor exceptions detailed in the table below.

Our audits found:

#### Key Findings

●	Levels of compliance with BRL's internal requirements and definitions of performance commitments in the 2019 FD have remained high across all functions. The methodologies and commentary follow a consistent format across the business and data owner, manager and director sign off was available for all data.
●	Progress with the PCs is reported monthly through the Directors' Report which is reviewed by the Executive Management and ODI Board which demonstrates thorough governance.
●	Leakage: Bristol has not met the 2023/24 leakage target to reduce leakage by 19% from the baseline of 40.7 MI/d. The Company is reporting leakage at 38.26 MI/d against a target of 32.97 MI/d. Our audit findings and recommendations are summarised below:
●	<ol style="list-style-type: none"> <li>The Water Balance Gap (Reconciliation Error) remains 'red' and has deteriorated this year, from 3.5% at APR23 to 4.8% at APR24. This is now very close to the 5% limit for MLE. We recommend that the company develops a funded action plan for 2024/25 to improve the robustness of the water balance.</li> <li>We note that the company does not make use of the full functionality of Netbase to calculate weekly DMA leakage figures and recommend that it moves away from using spreadsheets for the leakage calculation, particularly for infilling of missing data.</li> <li>There appears to be an abnormal peak in distribution input in September/October which should be investigated in more detail.</li> <li>The calculation of availability is based on days with valid data, whereas the guidelines permit weeks with 3 days or more of valid data to be valid. We recommend that availability is based on an assessment of available weeks.</li> <li>Non-Household Night Use is based on a very small sample (ca.60), we recommend that this is increased (a project to use 800-1,000 logged meters was dropped due to budget constraints).</li> </ol> <p>The Company is compliant across the components of the consistency RAG status with the exception of MLE which is rated as Red.</p> <p>There are eight leakage sub-components that are Amber:</p> <ul style="list-style-type: none"> <li>3b Properties do not agree between Netbase and Billing (working to reconcile)</li> <li>4g Data infilling not compliant (but reasonable)</li> <li>6e NHH night use sample size too small</li> <li>6f NHH consumption sample too small</li> <li>10c Service reservoirs not all drop-tested within the last 10 years</li> <li>11f DI Meters not verified to EA Abstraction metering guidance</li> <li>13c HH consumption monitor based on only 76% valid sites</li> <li>14c DSOU (above threshold but evidence based)</li> </ul>
●	Per Capita Consumption (PCC): BRL is reporting PCC in accordance with its methodology which meets Ofwat's requirements. The target to reduce PCC by 51% from the 2019/20 baseline has not been met. The company is compliant across all components of the consistency RAG status. One sub-component is amber (own water use is well evidenced but greater than 0.6% of DI).
●	Supply interruptions: Verification of supply interruptions continues to be diligently managed for reporting against Supply Interruptions. We confirmed the methodologies comply with BRL's internal reporting requirements and Ofwat's requirements. The process for challenging event classification and reporting the impact of events has not changed.  Supply interruptions has missed the target of 5 minutes 23 seconds per property, out-turning at 9 minutes 24 seconds. Performance has deteriorated since 2022/23 (8 minutes 4 seconds). A large event occurred in Longcross which we reviewed. Weather events in November and December also impacted Bristol's performance. Our audit confirmed correct reporting against the stated methodology.
●	Properties at risk of receiving low pressure: The reported data is compliant with Ofwat guidance and the definitions in the 2019 FD. BRL has surpassed its PC target with two properties on the register at the start of the year, out-turning with six properties at the end of the year. The PC target for 2023/24 is 53 properties. The two of the six properties remaining on the register are 'reservoir banded'. BRL is only obliged to report these properties.
●	Risk of Severe Restrictions in a Drought (RSRID): The team was able to explain the year-on-year change in RSRID. Whilst the change may appear significant, from 57.2% to 7.3% it is driven by some relatively minor changes in forecast distribution input (ca. 5 MI/d) later in the planning period causing the supply-demand balance to move from a small deficit to a small surplus in these years.  The approach is an appropriate interpretation of the guidance and aligns with the objective of identifying the percentage of customers that would face severe restrictions in a drought. The calculation is very sensitive to the forecast distribution input, as a small change can move future years from surplus to deficit (or vice versa). The 2023-24 value is calculated using a robust process.
●	C-MeX: BRL's processes for C-MeX are operating as intended. We confirmed that the data and processes for customer service scores and customer experience surveys which feed the CSAT score were robust. BRL takes advantage of the option in the CCWater definition of telephone complaints to not treat a contact as a complaint if it was resolved to the customer's satisfaction via a call-back that took place by the time promised during the original call and within 24 hours of that original call.  It should be noted that billing complaints information is obtained from Pelican, as this is the joint provider of billing services to Bristol Water and Wessex Water. Pelican's processes are audited separately.

## I Assurance Report continued

### Key Findings

●	<p><b>D-MeX:</b></p> <p>The processes for recording D-MeX performance against Water UK's metrics is sound and compliant with Water UK's metric definitions. We confirmed the resulting score following publication of the Q4 qualitative score by the third party survey company on 31<sup>st</sup> May. BRL ranks 5<sup>th</sup> in the industry. The median company is in 9<sup>th</sup> position, so BRL's performance will attract a reward.</p>
●	<p><b>Mains repairs:</b></p> <p>The methodology for mains repairs is consistent with Ofwat's requirements. The target for mains repairs per 1,000 km of water main has been met at 124.8 against a target of 132.7. This is an improvement compared to performance in 2022/23 which didn't meet the target.</p>
●	<p><b>Meter penetration:</b></p> <p>The documented methodology is in line with the Ofwat definition for Meter Penetration index and clearly outlines the process to obtain the figure reported. Data has been reported in accordance with the requirements. BRL started AMP7 at 8% below the commitment level and due to the Covid Pandemic. It has not been able to recover installation numbers. Performance for 2023/24 is reported at 67.4%, below the PC level of 73.1%.</p> <p>A recovery plan is in place with additional resources and capacity to install up to 13,500 meters. Meter optant demand is customer driven and the opportunity for a change of occupier meter install is limited by the housing market.</p>
●	<p><b>Unplanned maintenance non-infrastructure:</b></p> <p>BRL's methodology and processes are in line with Ofwat's requirements and PC definition. BRL has met the PC target reporting 3,045 jobs against a target of 3,272. We traced a sample of maintenance jobs back to source systems and we did not identify any issues. Exclusions had been applied appropriately to ensure only jobs where maintenance activity was undertaken are included in the data. There are appropriate checks and opportunities to challenge the classification of jobs. On a weekly basis, an automated report from SAP is analysed to check for correct coding.</p>
●	<p><b>Unplanned outage:</b></p> <p>The reported value of unplanned outage this year is 2.06%, which meets the PC target of 2.34%.</p> <p>The methodology deviates from the guidance in the assessment of Peak Week Production Capacity (PWPC). The reporting guidance requires the PWPC to be supported by physical tests to demonstrate capability at least once every 5 years and that "this value is reviewed annually and as modifications to assets and processes are completed which impact capacity". BRL's PWPC is based on the design capacity of works. Historical operational data shows that the site output is considerably lower than the PWPC at most sites, suggesting capacity tests are required to confirm PWPCs. These values have not been substantiated by pumping tests in the last 5 years. The team explained it is developing a planned programme to conduct capacity tests of treatment works during the upcoming reporting year 2024/25.</p>
●	<p><b>Outage events and exclusion up to Q3 were audited by Jacobs in November 2023. At the year-end audit, only Barrow WTW had an unplanned outage event since the November audit. No material issues were identified with the reported data and the key metrics relating to the outages were documented.</b></p>
●	<p><b>WINEP:</b></p> <p>The data has been prepared in line with guidance and the clarification of queries from Ofwat. We confirmed the definition had been followed for WINEP delivery and NEP 01. BRL reports 'met' for 2023/24 and 100% for NEP.</p> <p>There is concern that budget reductions could impact the delivery of all 17 schemes. We consider three schemes (River Axe Metaldehyde, Egford Nitrate and the Company wide Biodiversity Action plan) are a medium risk with regards to delivery.</p> <p>This is also dependent on the EA/Natural England agreeing that the required work has been done. Signoff may be compromised by the problems experienced as there are limited resources and budgets to manage the individual schemes to ensure timely delivery by the end of the AMP.</p>
●	<p><b>Raw water quality of sources, and Biodiversity index:</b></p> <p>The methodologies and reporting comply with Ofwat's PC definitions.</p> <p>Raw water quality of sources is reported at 514 Kg P reduction &amp; ahead of the 427 Kg P target level for Year 4. This is attributed to Bristol's work with farmers in their water supply catchments and is following increasing trends.</p> <p>Biodiversity index - actual number of units achieved is reported at 17,707, also ahead of the PC target of 17,700. This has been achieved by ensuring asset maintenance, safety &amp; condition to prevent the deterioration of habitat condition. Performance is following increasing trends.</p>
●	<p><b>Waste disposal compliance:</b></p> <p>This performance commitment protects public and environmental health by ensuring that potentially harmful trade effluent is disposed in line with Environment Agency permit consents. It is measured as percentage of total trade effluent discharge samples that meet the consent requirements in EA's permits.</p> <p>We confirmed the process is followed and complies with the requirements and definitions of the PC. The actual result for 2023 (calendar year) is 98%, less than the target of 100%. The current year performance is the same as in the previous 6 years (2017). BRL is forecasting 98% year 5 of the AMP. The formation of the working group highlights positive measures in place to improve future compliance, however its timescale of implementing engineering controls within 12 months is unrealistic.</p>

### Key Findings

- Local community satisfaction

Percentage of satisfied vulnerable customers

Percentage of customers in water poverty

Priority service customers in vulnerable circumstances

Value for money:

All methodologies follow the definitions in the PR19 Final Determination. We confirmed BRL is following its methodologies and reporting accordingly.

All PCs have been achieved with the exception of Value for money which has missed the target of 83% reporting 59% (68% in APR 23).

We note the following:

In comparison with the PC target, there is a notable declining trend in customer opinion regarding value for money. With this trend and BRL not meeting the target for the past 3 years, meeting the 2024/25 target seems unrealistic. The company is aware of this. There is an affordability strategy in place and plans to improve communication of the services provided.

There has been a marked increase in the number of local community stakeholders contacted and in the number of responses for Local Community Satisfaction. This was attributed to an increase in the volume of work being undertaken by Bristol Water in the community, particularly through the appointment during the reporting year of a community engagement role within the company.

Priority service customers in vulnerable circumstances exceeds the PC targets in all categories of reach, attempted contacts and actual contacts. The data is held by Pelican. Pelican's processes are audited separately.

Percentage of customers in water poverty has increased from 0.45% to 0.46%. This is correctly reported as 0% (at zero decimal places) meeting the PC target of 0%.
- Compliance Risk Index (CRI):

We confirmed the provisional CRI score reported by BRL at 7.05 against a target of 0.00 due to 6 failures at WTW's which contributes to 83% of the CRI score. The final score is subject to completion of DWI's assessment. Whilst remedial works have been completed at Purton & Banwell WTW, water quality at Littleton WTW will not improve until major works are completed in AMP8. CRI is subject to quarterly reviews and data checks preceding the year-end audit and the Customer Contacts final data reported to the DWI was audited in January 2024.
- Turbidity performance at treatment works:

This PC remains in line with the previously reported good performance attributed to robust process controls and safeguards in place and is meeting the PC target.

### 3.3 Third party assurance of PCs with financial rewards and penalties

Ofwat's Information Note (IN24/01) requires companies to provide a statement from their Assurers confirming that appropriate third-party assurance has been carried out on their reported 2023/24 PCs that have financial rewards and penalties. This statement should specify which of these PCs the third-party assurers have reviewed as part of their assurance work.

We confirm that all PCs with financial rewards and penalties for SWW and BRL were included in our audit scope.

### 3.4 End of AMP forecasts – 2024/25

IN24/01 requires companies to apply independent assurance to forecast performance against PCs with a financial reward or penalty which is assessed at the conclusion of year 5 of the AMP (2024/25).

We have confirmed that the 2024/25 forecasts were assured as part of our audit work. The forecasts have been made to the best of SWW's and BRL's ability taking into consideration performance to year 4 of the AMP and current trends. We consider the forecasts are a reasonable prediction of the likely outcome by 31 March 2025, however there is always a risk of unforeseen circumstances or unpredictable events outside of SWW's and/or BRL's control that could impact on actual performance.

### 3.5 Other information

More detailed information on the audits for SWW and BRL can be found in our Summary of Audit Findings document for each data table, held by the Risk & Compliance team in SWW.

Audits of financial information are completed by the financial auditors.

Audits took place remotely using MS Teams with the exception of leakage, PCC and customer service audits which were conducted in person.

Jacobs' Technical Assurance Director attended meetings of SWW's Executive, joint SWW/Pennon Audit Committee, and SWW's Board to present progress of the audit work and key findings as the work took place. He also attended two of SWW's Watershare+ panel meeting to provide progress updates and the final position against the PCs.

Jacobs had full access to SWW and BRL staff, senior management and Directors, corporate systems, information and other supporting documentation. We acknowledge SWW's and BRL's flexibility to accommodate the assurance activities.



G D Hindley  
 Technical Assurance Director  
 Jacobs UK Ltd  
 12 July 2024

## Technical auditor's report (technical information other than ODI's - Turner and Townsend (South West and Bristol))

Ofwat requires companies to publish the 2023-24 Annual Performance Report (APR24) not later than 15 July 2024. As one of your technical assurance partners, and in support of your APR24 submission, you asked us to review agreed South West Water (SWW) and Bristol Water (BRL) region 2023-24 asset, activity, and cost information you propose to report from across sections 4 to 9 of the APR24 data tables.

### Scope and approach

To fulfil the scope, we agreed we would:

- undertake data assurance audits focussing on the broad question 'Is this information or data that is ready to be published and that can be trusted and relied upon by external stakeholders?';
- test your teams' understanding of any changes to regulatory guidance; and
- test, through risk-based sampling, that data is competently sourced, processed and reported.

For the figures we assured, we agreed we would:

- check whether your teams had been through your internal assurance processes;
- check, where applicable, whether any material actions from 2022-23 audits had been addressed;
- check consistency of the proposed data with the applicable definition/guidance, taking account of Ofwat query responses and additional expectations where appropriate and known about at the time;
- sample data back to source inputs where available;
- test teams' understanding of outturn figures; and
- discuss the level of confidence teams had in the data.

Where your teams had drafted commentary to support their data, we reviewed this for consistency with information discussed in the audit and our understanding of regulatory expectations.

After each audit, we provided your teams with detailed feedback that explained our assessment of the risk associated with the audited figures for 2023-24 and set out any actions.

We note our assurance approach focused on the level of risk associated with the proposed data, was risk and sample based, and part of the broader governance and assurance processes you have in place to support you in making assurance statements in relation to the whole APR.

### Findings

We assessed the majority of the data we reviewed as having low or low-to-medium risk (i.e., we assigned data grades of A or B) at the time of the audit. There were a number of areas where we considered there to be higher reporting risk at the conclusion of the audit – and you worked to mitigate those risks before reporting. We note that:

- For some of those areas, and for some expenditure areas in particular, you confirmed you finalised significant elements of the tables post audit and stated that those figures had undergone additional, final risk based internal assurance.
- There remains scope to strengthen some of the elements of reporting around underlying asset related overflow information on the wastewater network (eg: around change control).
- There were a limited number of areas where there were questions around prior year data. These are technically outside the scope of our APR24 assurance, but we understand you investigated and resolved these to your satisfaction.

During the course of our work, we note we observed a number of other, lower risk, areas where you could further reduce reporting risks prior to APR24 submission (eg: 4R.30-32), or for future submissions (e.g., by maturing datasets in some areas; reviewing reporting approaches across interdependent data items; and completing your final quality assurance steps). We discussed these, as well as the areas above, with you, and you considered how to address them for APR24 and/or incorporate them into future reporting processes.

### Conclusions

For the majority of data items we reviewed there were only non-material actions to address before submission or to support your teams' continuous improvement. Where we did identify potential issues, you worked to mitigate them before reporting.

Yours sincerely

**Andrew Day**  
Assurance Lead  
Turner & Townsend Infrastructure Limited



## Additional financial assurance (South West and Bristol)

### Financial information

EY, who are knowledgeable of the Company through their role as statutory auditors and providing an audit opinion on specific areas of Regulatory Reporting, were engaged by South West Water to perform agreed-upon procedures over the areas of Regulatory Reporting which are not covered by the audit opinion, including cost assessment tables.

The agreed-upon procedures included agreeing certain specified tables to the underlying data and supporting calculations supplied by management.

The scope of their work was determined and agreed by management. EY have discussed and reported their findings to the Board and management.

### The assurance work covered the following areas:

- Review and consideration of SWW allocation of costs both between the appointed and non-appointed business as well as the appropriateness of allocations to business areas – confirming the cost drivers and methods used
- Disclosures of trading activities with associated companies
- Financial cost assessment information and additional reporting required by Ofwat – including the Financial Flows.

### Agreed upon procedures:

- Financial Tables (or parts of Tables) agreed to be within scope:
  - agreement of data included in the Tables to underlying records
  - agreement of the calculations in the submission Tables provided by Ofwat to the calculations used by management
  - confirming cumulative values or calculations within the tables to supporting documentation.

The findings from this work have been reported to management and the Board.

# Notes to the regulatory accounts

## Basis of preparation

These regulatory accounts are prepared in accordance with regulatory accounting guidelines issued by the Water Services Regulation Authority (Ofwat), specifically:

- RAG 1.09 – Principles and guidelines for regulatory reporting under the 'new UK GAAP' regime
- RAG 2.09 – Guideline for classification of costs across the price controls
- RAG 3.14 – Guideline for the format and disclosures for the annual performance report
- RAG 4.12 – Guideline for the table definitions in the annual performance report
- RAG 5.07 – Guideline for transfer pricing in the water and sewerage sectors.

They have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments, and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom except for the dis-application of certain parts of IFRS 18 in respect of the probability of collection of billed revenue and IAS 23 in relation to the capitalisation of interest incurred during the construction phase of items of property, plant and equipment.

The detailed accounting policies applied by South West Water are set out on pages in of our Annual Report and Financial Statements. The accounting policies and disclosures set out in this section include those specifically required within RAG 3.14.

Since 1 February 2023, the trade and the significant majority of assets and liabilities of Bristol Water plc were transferred to South West Water Limited under a statutory transfer mechanism set out in the Water Industry Act. As part of the transfer and to aid comparability, regulatory information has been prepared on a separate basis, as if the two companies had traded independently for 12 months. Therefore, all required regulatory tables have been provided for SWB and Bristol in two separate sections of tables except tables 1A – 1E, which reflects the combined entities and are reconciled South West Water Ltd Company accounts.

## Going concern basis of preparation

The going concern basis has been adopted in preparing the financial statements as stated by the Directors. At 31 March 2024, the Company had access to undrawn committed funds and cash and cash deposits totalling £321m (£295m excluding restricted cash). Having considered the Company's strong funding position and prudent financial projections, which take into account a range of possible impacts, as described in this report, the Directors have a reasonable expectation that the Company has adequate resource to continue in operational existence for the period up to 31 July 2025 and that there are no material uncertainties to disclose. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Revenue recognition

The regulatory accounts apply the same policy for revenue recognition as the statutory accounts, apart from the derecognition of income adjustments relating to amounts deemed as uncollectable under IFRS15.

This difference in accounting treatment has resulted in £5.4m (SWB, nothing for BRL) of revenue recognised within the Regulatory Reporting which is not recognised as revenue within the Financial Statements.

Following this accounting treatment additional £5.4m (SWB), nothing for BRL is recognised as an expected credit loss charge within operating expenses compared to the statutory financial statements, which results in no difference in operating profit or profit before tax.

All turnover is recognised in the regulatory accounts with the exception of rental income and contributions received from developers, which are included below operating profit in "other income" in accordance with the regulatory accounting guidelines. Turnover comprises charges to and accrued income from customers and retailers for water and other services, exclusive of VAT. Turnover is recognised as the performance obligation is satisfied.

Income from unmetered supplies is based on either the rateable value of the property or on an assessed volume of water supplied. Income from metered supplies is based on actual or estimated water consumption.

An accrual is estimated for measured consumption that has not yet been billed. For domestic customers, the measured income accrual is an estimation of the amount of mains water and wastewater charges unbilled at the year end. The accrual for unbilled charges is estimated using a defined methodology reflecting historical consumption, estimated demand trends and current tariffs. The measured income accrual is recognised within revenue. The methodology for calculating the measured income accrual is consistent with that applied in 2022/23. A retrospective review of the 2022/23 measured income accrual and the amounts actually billed during 2023/24 which would be expected to align to the accrual was performed and there was no material difference.

Nonhousehold retailers are billed monthly, and the nonhousehold unbilled accrual is based on the market monthly settlement reports. The estimation of measured income included in these reports is also based on historic consumption.

A domestic property which is believed to be occupied (due to meter activity or other Bristol occupancy indicator), but where the occupier's details are not known, is billed in the name of 'the occupier' as efforts are made to obtain the occupier's details.

The Company actively seeks to identify the name of 'the occupier' through multiple measures including visits to the property and land registry searches. If the occupier cannot be confirmed within 90 days of invoice, the bill is cancelled and the property classified as void.

Where an invoice has been raised or payment made but water or other services have not been provided, it is treated as billing or payment in advance accordingly. This will not be recognised within the current year's revenue but will instead be recognised within creditors.

Charges on income arising from court, solicitor and debt recovery agency fees are credited to operating costs and added to the relevant customer account. They are not recognised within turnover. A summary of the differences between revenue recognised in the statutory financial statements and Regulatory Reporting is included on page 107.

## Accounting policy note for price control segments

In accordance with Regulatory Accounting Guideline 4.12 – 'Guideline for the definitions table definitions in the Annual Performance Report', a segmental income statement (table 2A) and other segmental analysis (tables 2B to 2O) are presented within the Regulatory Reporting as well as certain detailed analysis in sections 3 to 8.

This segmental analysis separates certain financial and non-financial information between the following regulatory price controls:

- Water resources
- Water Network+
- Wastewater Network+
- Bioresources
- Retail Household
- Retail Non-household (not applicable to South West Water, following exit from the non-household retail market in 2017).

Whilst these business units are not treated as organisationally separate businesses or separate companies by South West Water there are certain activities which are solely carried out by specific areas of the business due to more efficient and effective structures being in place to support the management and accountability of the business.

Certain departments (especially operational departments) may provide services for one regulatory price control segment, however many other departments perform services across two or more regulatory price control segments. Certain financial and non-financial information is therefore separated based upon a methodology which includes some assumptions and judgements utilising all available information.

## I Notes to the regulatory accounts continued

### Services

The allocation of operating costs within South West Water to specific service areas within the appointed business is based on activity analysis and principles which result in both direct and support costs being apportioned where not directly attributed. Activity levels between individual services are ascertained by reference to time allocations by individual employees along with other allocation bases in accordance with the underlying nature of resource utilisation. A full 'accounting separation' methodology statement can be found at [www.southwestwater.co.uk](http://www.southwestwater.co.uk). The methodology statement explains in detail the basis of allocations for costs and assets.

### Capitalisation policy note

#### Definition of a fixed asset

The cost of property, plant and equipment capitalised includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use. The cost of assets includes directly attributable labour and overhead costs which are incremental to the Company. Costs which meet the criteria for a capital asset and total in excess of £1,000 are capitalised.

Property, plant and equipment includes:

- i) Infrastructure assets (being water mains and sewers, impounding and pumped raw water storage reservoirs, dams, pipelines and sea outfalls)

Infrastructure assets were included at fair value on transition to IFRS and subsequent additions at cost, less accumulated depreciation. Expenditure to increase capacity or enhance infrastructure assets is capitalised where it can be reliably measured and it is probable that incremental future economic benefits will flow to the Company. The cost of day to day servicing of infrastructure components is recognised in the income statement as it arises.

Infrastructure assets are depreciated evenly over their useful economic lives and are principally:

- Dams and impounding reservoirs 100 - 200 years
- Water mains 60 - 180 years
- Sewers 75 - 150 years.

Assets in the course of construction are not depreciated until commissioned.

- ii) Other assets (including property, overground plant and equipment). Other assets are included at cost less accumulated depreciation. These are generally categorised as non-infrastructure. Freehold land is not depreciated. Other assets are depreciated evenly over their estimated economic lives to their residual value and are principally:

- Freehold buildings 10 - 80 years
- Leasehold buildings - Over the estimated economic life or lease period, whichever is the shorter
- Operational properties 15 - 100 years
- Fixed plant 10 - 30 years
- Vehicles, mobile plant and computers 4 - 20 years.

Assets in the course of construction are not depreciated until commissioned.

The cost of assets includes directly attributable labour and overhead costs which are incremental to the Company. Assets transferred from customers are recognised at fair value.

The assets' residual values and useful lives are reviewed annually.

Gains or losses on disposals are determined by comparing the proceeds of sale with the carrying amount and are recognised within the income statement.

In line with IAS 23, within the Statutory Accounts and Financial Statements, borrowing costs directly attributable to the construction of a qualifying asset (an asset necessarily taking a substantial period of time to be prepared for its intended use) are capitalised as part of the asset. However, within the Regulatory Reporting, in a deviation from IAS 23 and in line with Ofwat RAG 3.14, borrowing costs are not capitalised.

### Expected credit loss note

During 2022/23, materially all of the trade and assets of Bristol Water plc were transferred to South West Water Ltd as part of the statutory licence transfer. For the purposes of the Statement of Financial Position, the gross trade receivables balance and Expected Credit Loss (ECL) provisions are therefore now combined to show a single total net trade receivables position.

Whilst the operations of both companies are now combined in South West Water Ltd, due to different systems the ECL provision is considered separately for the different customer areas under one consistent accounting framework.

The provisions, collectability rates and review procedures used in each of the calculations are therefore still reflective of the individual customer bases and as a result an ECL provision summary for the year has been provided for both SWB and BRL.

The consolidated statutory current gross trade receivables balance at the reporting date is £288.3m, against which £102.8m had been provided for ECLs, resulting in net trade receivables of £185.5m (Note 21 in the South West Water Annual Report and Accounts).

Neither SWB nor BRL have a provision for nonhousehold debt as under the non-household retail market codes, retailers provide collateral for their debt. However, specific provision will be made if collateral is not sufficient to cover any identified risk.

The ECL charge and the provision exclude the adjustments made in the statutory accounts for amounts deemed uncollectable under IFRS15.

### South West

SWB has a material level of exposure to the collection of trade receivables.

Provisions in respect of these balances are calculated based on assumptions of historical credit loss experience, adjusted for forward looking factors which by their nature are subject to uncertainty. Analysis of actual recovery compared with provisioning levels have not, to date, resulted in material variances.

Under its regular review procedures, at the balance sheet date, SWB applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, SWB does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. SWB has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the receivables and the economic environment.

SWB recognise the pressure the cost of living crisis poses to our customers and we are focused on providing a broad range of affordability measures to support those in financial need. Across the businesses, the potential impact of significant increases in the cost of living on affordability has been considered in assessing our expected credit loss charges. Despite the ongoing cost of living pressures felt throughout the UK economy, SWB has not seen any material deterioration in collection rates as a result of its robust debt management and customer collection processes.

This will continue to be carefully monitored as an operational risk. The actual level of debt collected may differ from the estimated levels of recovery.

As at 31 March 2024 SWB's current trade receivables were £242.0m (2023: £210.1m), against which £85.7m (2023: £87.6m) had been provided for ECLs.

There has been no change to the write-off policy or bad debt provisioning policy.

## Bristol

BRL has a policy to make full provision for debt which remains uncollected after four years of billing, for example uncollected debt in relation to financial year 2019/20 and before is fully provided for by the end of financial year 2023/24.

A provision is made for debt outstanding in relation to the current and last three financial years. The provision is primarily based on historic collection rates and further adjusted by judgemental factors to reflect the current economic environment. The judgemental factors are applied only if it is believed that the historic collection rates do not reflect future expected collection rates.

Water debt is written off for one of following four reasons:

- It is considered or known to be uncollectable
- It is considered uneconomic to collect
- Older debt is written off by agreement with the customer in return for the receipt of regular monthly payments to pay-off current year debt as part of our "Restart" and "Assist" policies
- Write-off is ordered by the County Court. In these cases the court may set payment at a proportion of the outstanding debt. When the required level of payment is reached the court would instruct the rest of the debt to be written-off.

BRL's write off policy has remained unchanged and has been consistently applied in the current and prior years. During the year a programme of bulk write-offs of debt over four years old was processed, as part of the joint billing company's credit team's housekeeping. This exercise reduced the net debt older than four years, and therefore reduced the overall provision. The total provision at 31 March 2024 was £17.8m (2023: £17.1m).

The increase in the provision reflects the increase due to the expected impact of the cost of living crisis on household debt recovery offset by a reduction due to debt written off as uncollectable.

Net trade debtor balance at 31 March 2024 was £29.3m (2023: £25.8m).

## Directors' emoluments

Payments related to performance against agreed standards As required by the Water Act 2014 and Regulatory Accounting Guidance from the Water Services Regulation Authority (Ofwat), additional information is given regarding this aspect of remuneration.

Full and detailed disclosures of Directors' remuneration are included on pages 54 to 67 of the Remuneration report including details of the performance-related bonus arrangements and the amounts paid to Directors under those arrangements.

In line with our Business Plan the WaterShare+ advisory panel has renewed the application of the performance targets for the year.

As the price controls are not organisationally separated in South West Water they do not have their own separate management and support functions and they do not trade with one another. To represent them as distinct controls requires the allocation of costs and assets to them.

Wherever possible, direct costs and assets have been directly attributed to business units. Where this is not possible, appropriate cost allocations have been applied linked to the key metric which best reflects the nature of the activity and costs.

The allocation between activities is reviewed annually to ensure the basis of allocation is still appropriate.

Where no direct allocation is possible management judgement is applied to allocate costs separately. The resulting costs reported for these business units do not necessarily represent what the costs would be if they were operated as separate business units.

## Dividends policy

The Company has an established a dividend policy which includes:

- Base dividends – derived from the price determination and are made with reference to Ofwat's assessment for a notional balance sheet and paid in the year
- Outperformance dividends – linked to business performance and outcomes delivered ahead of business plan commitments (totex, ODIs and financing), paid a year in arrears
- Other dividends – payments designed to ensure that key financial ratios are optimised, and gearing remains aligned with Ofwat's notional level, which has historically been set in the range of 55-65% (currently 60% for K7) and does not exceed 70% gearing
- Total dividend payments will not exceed the retained underlying profits in any year, except as a result of a special dividend or balance sheet restructuring, or where there is a significant non-underlying non-cash impact (such as deferred tax)
- Dividend payments will be approved by the Board annually.

Dividend payments are designed to ensure that statutory obligations and key financial ratios are not prejudiced, that customer, environmental and other stakeholders are considered, and that the Company has adequate resources to carry out its work now, and into the future.

## I Notes to the regulatory accounts continued

### Dividend Overview

Whilst we have an established dividend policy (outlined in detail below), in making the decision to declare a dividend the Board takes into account a number of other considerations which include an assessment of performance in the round, financeability, and also the significant unfunded investments we are making to permanently improve the water resilience of the region and improve our environmental performance.

### Other Board Considerations

#### Financial resilience & gearing

Consideration of current gearing and key financial metrics for the year and into the future to ensure payment of a dividend is not detrimental to long term viability

Year end gearing is 68% and 66% for shadow RCV gearing. Long term viability assessment, includes assessment of downside scenario's based on principle risks and Ofwat defined scenarios, continue to support the view that the company remains financially resilient.

#### Delivery of statutory obligations

Payment of dividends not considered appropriate if minimum statutory obligations are not fulfilled

The Board believe its statutory obligations in the year were fulfilled

#### Cumulative financial flows

Consideration to level of cumulative financial flows before recommending payment of a dividend

The cumulative fund flow as shown below highlights there is there is sufficient headroom to support this year's dividend.

#### Customer service delivery

Delivery of key services should be maintained at all times

c.70% of ODIs have met or exceeded their target for this year and last year with c.80% achieved in the previous two years. 2023/24 was impacted by exceptional weather events, in particular the wet winter of 2023/24.

On balance the Board considers service levels have been maintained.

#### Customer affordability

Customer affordability measures are a Board priority and pledges made are prioritised over dividend payments

SWB continues to deliver on its affordability pledges with twice the number of customers benefitting from one of our support tariffs over K7, and on track to deliver a pledge to tackle water poverty.

2024/25 bills increased below inflation at just 1.83% for SWB and 4.2% for Bristol, which is supportive of customers in the current economic climate.

#### Environmental performance

Delivery of environmental performance should be improving and not impacted by payment of dividends

Pollutions and EPA performance continue to be below target and SWB remain focused on delivering interventions to reduce spills. In the year SWB completed 140 Storm overflow interventions with a further 140 interventions underway.

Penalties incurred in 2023/24 will reduce any dividend proposed, therefore this is appropriately taken into consideration, noting improvements are being made.

#### Current and future investment needs

Sufficient funds should be available to enable sufficient capital investment to support day to day operations and company performance improvement targets

Investment increased to c.£567m in 2023/24 from £358m in the prior year. This investment includes investments into water resilience and the environment through WaterFit which are incremental to the Final Determination.

#### Impact on credit rating

Payment of dividends should not impact the likelihood of obtaining a credit rating

Our internal assessment supported by external experts has enabled the Board to state that in its opinion the company could maintain an issuer credit rating which of at least investment grade.

#### Sharing of outperformance

Sharing of performance should be balanced between all stakeholders

The second issuance of WaterShare+ of c.£20m equating to a £13 reduction in bills per household was accelerated in 2022/23 on top of the c.£20m issuance in 2020/21.

Company performance and support in prioritising activities is supported by our independent WaterShare+ advisory panel.

Overall, South West Water has delivered cumulative shareholder value of c.£800m over the regulatory period to March 2024. The outperformance below reflects the position as earned in the year before any additional sharing and other outperformance adjustments. Dividend payments are recognised a year in arrears.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	K7 to date £m
Base return @ 4%	53	68	87	96	304
Outperformance	62	87	43	(32)	160
RCV Inflation Growth	14	94	164	87	359
				<b>Total Shareholder Return</b>	<b>823</b>



## Dividend Overview continued

In making the decision to declare a dividend the Board have assessed the P30 licence condition and has adopted a prudent approach when compared to the potential dividend which would be allowable. This assessment included a review of performance in the round, financeability, the outcome of Environment Agency prosecutions and also the significant unfunded investments we are making to permanently improve the water resilience of the region and improve our environmental performance.

The unfunded investments are a clear indicator of the commitment of the Board to its customers and the environment. This is enabled by prudent financial management, a strong balance sheet and support from our ultimate shareholders. The table below outlines the shareholder funded factors we have taken into consideration in assessing the payment of a dividend:

	2020-2024 £m
Cumulative Shareholder Value	823
Resilience & environmental investment <sup>1</sup>	(59)
Cumulative disallowable expenditure <sup>2</sup>	(9)
WaterShare+ customer sharing	(17)
<b>Adjusted shareholder value</b>	<b>738</b>
Total dividends declared (Year 1-4) (of which £200m has been paid)	247

1. Shareholder investment in drought resilience and environment – above FD allowances – 50% share

2. Inclusive of the Environment Agency Prosecution and costs associated with the ongoing Section 203 Investigations

## Detailed Application of the dividend policy

Dividend payments are designed to ensure that key financial ratios are not prejudiced, whilst also taking into account balance sheet considerations. With this in mind, the dividend policy also state that the total dividend payment will not exceed the retained underlying profit in any year, except as a result of a special dividend and balance sheet restructuring, or where there is a significant non-underlying non-cash impact (such as deferred tax).

Payments are designed to ensure that the ability of the Appointee to finance its Appointed Business is not impaired. Dividends of £nil were paid to the parent undertaking (2022/23: £12.3 million). South West Water have declared a dividend of £45.0 million. The dividend has been restricted with respect to underlying profit after tax in line with dividend policy, the Board reflected additionally on the appropriate level of the dividend to align with the business plan and in accordance with the balance sheet restructuring provisions that reflect the changes to the business that have taken place following the statutory licence transfer of the Bristol Water business into South West Water in February 2023. A dividend of £45.0 million was approved by the Board and a liability has been recognised as a transaction with owners during the year ended 31 March 2024. This is to be deferred and paid in 2024/25.

### Summary dividend

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
	SWB	SWB	SWB	SBB
Total dividend payable	101.6	87.6	12.3	45.0
Comprising:				
Base	42.5	44.2	49.2	60.8
Outperformance (a year in arrears)	58.1	43.0	57.1	38.9
Watershare+	1.2	–	0.4	–
Other	(0.2)	0.4	–	–
Restriction in year		–	(94.7)	(54.7)
<b>Dividend yield</b>	<b>7.50%</b>	<b>6.10%</b>	<b>0.80%</b>	<b>2.79%</b>

The 2024 in-year dividend was approved by the Board in order to maintain dividend and gearing consistency with South West Water's PR24 plan submission. The decision was also made in order to continue to ensure ongoing shareholder support remains strong. The restriction in 2023/24 has been adjusted to reflect the shareholder value and balance sheet considerations and aligned with South West Water's PR 24 assumptions.

### Base dividend return

For SWB the level of base dividend was informed by the PR19 final determination for the regulatory period 2020-25 in which Ofwat viewed a base dividend yield of up to 4% as being reasonable for companies that (i) have little real RCV growth, and (ii) perform in line with the determination during 2020-25. The calculation of the base dividend is shown below, along with the rationale demonstrating that these two tests were met.

SBB's dividend policy sets out that the base dividend is calculated as 3% RCV equity rising with CPIH inflation, then growing at 118% per annum. For the regulatory period 2020-25 period, the RCV equity is 2019/20 closing equity RCV indexed using the inflation indices from the final determination. This value is then indexed back to 2017/18 prices using actual CPIH and includes an enhanced equity adjustment of 1 basis point of current year RCV. This enhanced equity adjustment reflects SWB's achievement of the fast track status in the final determination for the regulatory period 2020-25.

Base dividends are calculated on the notional structure of the water business to ensure that SWB policies align with Ofwat's view.

Bristol Water's base dividend is the base dividend declared in the CMA's final determination for PR19 for Bristol Water. This has been deemed reasonable due to the gearing and RCV growth level of Bristol Water.

The combined base dividend of SWB and Bristol is then indexed to current year prices using actual CPIH.

## I Notes to the regulatory accounts continued

### SWB Calculation of base dividend

	2020/21	2021/22	2022/23	2023/24
Base dividend per policy				
SWB regulatory equity, FYA	1,373.8	1,401.4	1,430.4	<b>1,460.5</b>
3% Base dividend	40.4	40.4	40.4	<b>40.4</b>
1.18% dividend growth	0.8	1.5	1.9	<b>2.4</b>
Enhanced Equity	1.4	1.4	1.5	<b>1.5</b>
Bristol Base Dividend	-	-	-	<b>8.0</b>
Total Base dividend 17/18 prices	42.4	43.3	43.8	<b>52.3</b>
Inflation to actual CPIH (FYA)	0.1	1.3	5.4	<b>8.5</b>
Base dividend	42.5	44.6	49.2	<b>60.8</b>

For South West Water and Bristol Water elements, we have retained the base dividend calculations consistent with the dividend policies in their respective determinations mentioned above.

The base dividend and base dividend yield are reference points for the dividend calculation before we consider the adjustment factors set out in the dividend policy, and the overall factors considered by the Board.

### Outperformance

Other dividend payments in excess of the base dividend are to be reflective of current or past outperformance versus the final determination. This outperformance can arise for a number of reasons including cost savings, strong ODI performance, outperformance against financing assumptions, or a combination of these. The Board considers whether outperformance should be reflected in dividend payments each year, but payable a year in arrears to ensure that the outperformance element is based on robust, audited data and not on estimates. Therefore the table below reflects the amounts 'earned' in the prior period.

### Outperformance

	2020/21	2021/22	2022/23	2023/24
	SWB	SWB	SWB	SBB
TOTEX	32.5	32.0	11.7	<b>(80.4)</b>
Financing	31.7	26.7	50.0	<b>133.0</b>
ODIs	2.2	(10.4)	0.8	<b>(9.7)</b>
Customer sharing	(3.7)	(4.0)	(4.0)	<b>(4.0)</b>
Other Adjustments	(4.6)	(1.3)	(1.4)	-
Outperformance	58.1	43.0	57.1	<b>38.9</b>

The table below shows the split of outperformance elements for each of the four years of the regulatory period to date and other adjustments to that position:

Totex – outperformance from 2019/20 and the first two years of the current regulatory period (as this is payable in arrears) reflects efficiency in delivery and advancement of key programmes of work including bathing waters. The Totex underperformance, reflected in 2023/24 outperformance calculations but relating to performance in 2022/23, has been due to the rising cost of electricity and underlying consumables which have increased in price above inflation.

Financing – financing outperformance continues to be strong during each year of the regulatory period to date driven by SWB's flexible financing strategy and diverse debt portfolio, with a comparatively lower level of index-linked debt relative to the industry average, allowing the Company to outperform the Final Determination cost of debt allowance. The financial performance of the company relating to 2022/23 payable in 2023/24 has been driven by the financing decisions made by the SWB Board in using fixed rate instruments rather than index-linked instruments. SWB also uses the WaterShare+ voluntary sharing mechanism to share financing outperformance with customers.

ODIs - Overall net penalty in relation to ODI performance for 2022/23 with 70% of ODI's on track or ahead of target.

Customer sharing – In the prior year, £4.0m has been allocated to WaterShare+, our unique voluntary sharing mechanism which shares outperformance benefits with customers. This mechanism has the effect of reducing the dividend payable to shareholders. This represents the yearly amount accrued over time which is used to fund customer share issuances and bill reductions.

Other adjustments - These additional minor adjustments include a technical adjustment, offset against base dividends in relation to the enhanced equity arising from SWB securing fast track status at both PR14 and PR19 and equates to 30 and 10 basis points respectively.

For the purposes of calculating outperformance, SWB's WaterShare+ method of calculating RORE is used which differs slightly from table 1F, primarily in that it uses a long term average estimated rate of inflation to remove short term volatility and excludes additional expenditure commitments over and above the final determination such as that relating to additional drought expenditure and the accelerated WaterFit programme. This is to ensure that dividend payments are not subject to bouts of volatility and remain transparent and visible to stakeholders through time. In effect, both adjustments are made to reflect the true underlying performance against the final determination throughout the regulatory period.

### Watershare+

Amounts of £1.2m in 2020/21 and £0.4m in 2023/23 reflects additional dividends paid to SWB's parent company for it to issue shares to those customers that opted in to the Watershare+ scheme. The overall benefit to customers has been c.£40m to date as described above with remaining customers opting to receive a credit to their bill.

	2020/21	2021/22	2022/23	<b>2023/24</b>
	SWB	SWB	SWB	<b>SBB</b>
Watershare+ adjustment	1.2	–	0.4	–

### Other

This represents a prior year true up for the years 2021 and 2022.

### 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 such circumstances in the first four years of the regulatory period to date.

### Transparency

We have 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 committed to explain how dividend payments have been determined and how these relate to our performance. This disclosure is aimed at providing stakeholders with additional transparency about our dividend policy and the broader considerations considered by the SBB board in making its determination.

## I Notes to the regulatory accounts continued

### Corporate taxation - SWB

The current tax charge in 2023-24 was lower than the current tax charge allowed in the final determination for the following reasons:

- Profit before tax in the final determination was higher than the actual for the appointee company.
- Capital allowances in excess of depreciation are higher than those allowed in the price determination as the business has claimed first year capital allowances during the year whilst also disclaiming an element of brought forward allowances. This will provide more flexibility and enable higher capital allowance claims in future periods to offset against taxable profits, hence optimising the appointee company's current tax position.
- Higher tax relief is available than that allowed in the price determination as additional contributions have been made to the defined benefit pension scheme. Tax relief is spread across several tax years in accordance with tax legislation.
- The final determination was based on a corporation tax rate of 17%. The actual rate is 25%.
- Tax relief on finance leases has reduced compared to the final determination, following the termination of some of these leases.
- Tax losses generated in the year will be carried forwards for relief against taxable profits in future years. These losses arise from lower PBT and higher capital allowances, the latter of which were not included in the final determination as the tax legislation was amended after the final determination was issued.
- The tax effect of green recovery expenditure is included as a notional adjustment as this is not included in the final determination figure.

The Chancellor announced in the March 2023 Budget, that super deductions, will be replaced by full expensing for three years from 1 April 2023 for qualifying plant and machinery. These were made permanent in the Autumn 2023 statement. The 50% first year allowance in relation to special rate assets will also continue permanently. The company therefore anticipates generating tax losses in future years resulting in a current tax result of nil.

The Company received a net repayment of £35m of UK corporation tax during the year 2022/23. This is a result of the carry back of losses from the 2022/23 tax year. Group relief of £0.8m was received from other companies in the group, who paid for tax losses from the appointee company at the headline tax rate.

The appointee deferred tax credit of £74m for the year relates to tax losses carried forwards of £77m, these are offset by charges in respect of timing differences in relation to derivatives of £0.1m and timing differences in relation to relief for pension contributions of £0.2m

South West Water has disclaimed capital allowances in the year, in order to minimise tax losses. This will provide more flexibility and enable higher capital allowance claims in future periods to offset against taxable profits, hence optimising the appointee company's current tax position.

The Company's total tax contribution extends significantly beyond the UK corporation tax charge, including Value Added Tax (VAT), business rates, employment taxes, Carbon Reduction Commitment (CRC), Climate Change Levy and Fuel Excise duty.

### Taxation - SWB

	2023-24 actual Nominal £m	2023-24 Actual 2017/18 prices £m	2023-24 FD 2017/18 prices £m	Variance 2017/18 prices £m
<b>(Loss) / Profit before tax Profit before tax</b>	<b>(28.0)</b>	<b>(22.5)</b>	<b>105.9</b>	<b>(128.4)</b>
Tax at 17% (FD rate)	(4.8)	(3.8)	18.0	(21.8)
Tax rate increase to reflect actual tax rate of 25%	(2.2)	(1.8)	-	(1.8)
Depreciation not deductible for tax purposes	33.2	26.5	19.7	6.8
Total capital allowances relief available in place of depreciation	(98.5)	(79.0)	(19.6)	(59.4)
Disclaimed capital allowances relief available in place of depreciation	68.1	54.6	-	54.6
Tax relief on pension contributions	(0.6)	(0.5)	(0.2)	(0.3)
Allowable depreciation on finance leases	(1.3)	(1.0)	(1.8)	0.8
Tax relief on (non-taxable)/non-deductible expenditure	-	-	-	-
Tax relief on financial instruments	(0.5)	(0.4)	(0.9)	0.5
Tax losses carried forwards	6.0	4.8	-	4.8
<b>Current year tax credit</b>	<b>(0.7)</b>	<b>(0.6)</b>	<b>15.2</b>	<b>(15.8)</b>
Prior year adjustments	-	-	-	-
<b>Current year tax credit including prior year adjustments</b>	<b>(0.7)</b>	<b>(0.6)</b>	<b>15.2</b>	<b>(15.8)</b>
Tax effect of green recovery expenditure - notional adjustment	1.5	1.2	-	1.2
<b>Current year tax credit including prior year adjustments and green recovery expenditure</b>	<b>0.8</b>	<b>0.6</b>	<b>15.2</b>	<b>(14.6)</b>

## Corporate taxation - BRL

The current tax charge was lower than the current tax charge allowed in the final determination for the following reasons:

- Profit before tax in the final determination was higher than the actual for the appointee company.
- Capital allowances in excess of depreciation are higher than those allowed in the final determination as the business has claimed first year capital allowances during the year whilst also disclaiming an element of brought forward allowances. This will provide more flexibility and enable higher capital allowance claims in future periods to offset against taxable profits, hence optimising the appointee company's current tax position.
- Tax relief on the debt gearing adjustment has reduced compared to the final determination.
- 2023-24 results in a £nil current tax charge for the year, which is lower than that in the prior year. The key driver of the difference was the one-off impact of an accounting policy alignment adjustment in the prior year.

The Chancellor announced in the March 2023 Budget, that super deductions, will be replaced by full expensing for three years from 1 April 2023 for qualifying plant and machinery. These were made permanent in the Autumn 2023 statement. The 50% first year allowance in relation to special rate assets will also continue permanently. The company therefore anticipates generating tax losses in future years resulting in a current tax result of nil.

The appointee business made no UK corporation tax payments in the year due to generating no taxable profits (2022/23: £1.8m).

The appointee deferred tax charge of £2.4m for the year relates mainly to capital allowances in excess of depreciation

Bristol Water has disclaimed capital allowances in the year, in order to minimise statutory tax losses. This will provide more flexibility and enable higher capital allowance claims in future periods to offset against taxable profits, hence optimising the appointee company's current tax position.

The Company's total tax contribution extends significantly beyond the UK corporation tax charge, including Value Added Tax (VAT), business rates, employment taxes, Carbon Reduction Commitment (CRC), Climate Change Levy and Fuel Excise duty.

## Taxation - BRL

	2023-24 actual Nominal £m	2023-24 Actual 2017/18 prices £m	2023-24 FD 2017/18 prices £m	Variance 2017/18 prices £m
<b>(Loss) / Profit before tax Profit before tax</b>	<b>8.7</b>	<b>7.0</b>	<b>28.1</b>	<b>(21.1)</b>
Tax at 19% (FD rate)	1.7	1.3	5.3	(4.0)
Tax rate increase to reflect actual tax rate of 25%	0.5	0.4	–	0.4
Depreciation not deductible for tax purposes	5.1	4.1	3.7	0.4
Capital allowances relief available in place of depreciation before capital allowance disclaimers	(8.1)	(6.5)	(4.5)	(2.1)
Capital allowance disclaimed	0.8	0.6	–	0.6
Tax relief on pension contributions	–	–	–	–
Debt gearing adjustment	–	–	(0.3)	0.3
Tax relief on (non-taxable)/non-deductible expenditure	0.1	0.1	–	0.1
Group relief - current year	–	–	–	–
Tax losses carried forwards	–	–	–	–
<b>Current year tax charge</b>	<b>–</b>	<b>–</b>	<b>4.3</b>	<b>(4.3)</b>
Prior year adjustments	–	–	–	–
<b>Current year tax charge including prior year adjustments</b>	<b>–</b>	<b>–</b>	<b>4.3</b>	<b>(4.3)</b>
Tax effect of green recovery expenditure - notional adjustment	(0.0)	(0.0)	4.3	1.2
<b>Current year tax credit including prior year adjustments and green recovery expenditure</b>	<b>0.7</b>	<b>0.6</b>	<b>15.2</b>	<b>(14.7)</b>

# Regulatory financial reporting – SBB



**Table 1A – Income statement**  
For the year ended 31 March 2024

	Adjustments				Total appointed activities £m
	Statutory £m	Differences between statutory and RAG definitions £m	Non-appointed £m	Total adjustments £m	
Revenue	731,284	(11,795)	14,029	(25,824)	<b>705,460</b>
Operating costs	(722,435)	140,608	(11,841)	152,449	<b>(569,986)</b>
Other operating income	–	0,537	–	0,537	<b>0,537</b>
<b>Operating profit</b>	<b>8,849</b>	<b>129,350</b>	<b>2,188</b>	<b>127,162</b>	<b>136,011</b>
Other income	148,343	(132,614)	0,730	(133,344)	<b>14,999</b>
Interest income	3,349	(0,800)	0,073	(0,873)	<b>2,476</b>
Interest expense	(158,398)	(15,234)	–	(15,234)	<b>(173,632)</b>
Other interest expense	–	0,800	–	0,800	<b>0,800</b>
<b>Profit before tax and fair value movements</b>	<b>2,143</b>	<b>(18,498)</b>	<b>2,991</b>	<b>(21,489)</b>	<b>(19,346)</b>
Fair value gains/(losses) on financial instruments	–	–	–	–	–
Profit before tax	2,143	(18,498)	2,991	(21,489)	<b>(19,346)</b>
UK Corporation tax	0,733	(0,097)	(0,097)	–	<b>0,733</b>
Deferred tax	(0,394)	4,777	(0,669)	5,446	<b>5,052</b>
<b>Profit for the year</b>	<b>2,482</b>	<b>(13,818)</b>	<b>2,225</b>	<b>(16,043)</b>	<b>(13,561)</b>
Dividends	(45,000)	–	(2,225)	2,225	<b>(42,775)</b>
<b>Tax analysis</b>					
Current year	(0,720)	0,097	0,097	–	<b>(0,720)</b>
Adjustments in respect of prior years	(0,013)	–	–	–	<b>(0,013)</b>
UK Corporation tax	(0,733)	0,097	0,097	–	<b>(0,733)</b>

Non-appointed  
£m

## Analysis of non-appointed revenue

Imported sludge	–
Tankered waste	2,126
Other non-appointed revenue	11,903
<b>Revenue</b>	<b>14,029</b>

Other income includes £148,343m dividend income. £143,000m relates to a dividend in specie from Bristol Water plc to South West Water Ltd as part of the statutory transfer process. This is offset in operating costs by a £143,000m impairment of investment of Bristol Water plc in South West Water Ltd, resulting in a net nil impact.

The remaining £5,343m relates to a distribution of reserves by Peninsula Properties (Exeter) Limited, a subsidiary of South West Water Ltd, as part of the cessation of activity by the company. This is partially offset in operating costs by a £3,250m impairment of investment of Peninsula Properties (Exeter) Limited in South West Water Ltd.

Both transactions do not relate to the appointed business and have therefore been adjusted for through 'Differences between statutory and RAG definitions', with the component parts of the transactions presented gross under Operating costs and Other income in the reconciliation between the statutory and regulatory accounts above.

The Company does not have any financial instruments accounted for at fair value through the income statement.

**Table 1A – Income statement continued****Non-appointed**

Activities outside of the appointed business include property searches, commission from plumbing and drainage insurance, meter reading services to non-household retailers and wastewater providers, moorings and fisheries, rental income from non-appointed properties and energy generation from non-appointed assets.

Non-appointed operational costs include the element of depreciation charged to the non-appointed business for the use of assets primarily used in the wholesale business (such as IT assets) and reflects investments in solar and wind turbine installations as well as hydro generation schemes.

**Difference between statutory and RAG definitions**

	Revenue £m	Operating costs £m	Other operating income £m	Other income £m	Net Interest expense £m	Other interest expense £m	Current tax £m	Deferred tax £m	Profit for the year £m
Revenue not recognised under IFRS as deemed uncollectable	5,400	(5,400)	–	–	–	–	–	–	–
Net income/operating cost allocations <sup>1</sup>	(1,092)	1,092	–	–	–	–	–	–	–
Classification of new connections, infrastructure income & s185 diversions	(14,705)	–	–	14,705	–	–	–	–	–
Classification of rental income	(1,279)	0,271	–	1,008	–	–	–	–	–
Watershare+ rebate outside of scope of price control and regulated activities	(0,022)	–	–	–	–	–	–	–	(0,022)
Dividends received and impairment of assets outside of scope of price control and regulated activities	–	146,250	–	(148,343)	–	–	–	–	(2,093)
Profit on disposal of fixed assets	–	(0,537)	0,537	–	–	–	–	–	–
Capitalised interest and depreciation on capitalised interest	–	0,192	–	–	(14,083)	–	–	–	(13,891)
Innovation fund costs/revenue	–	(1,376)	–	–	–	–	–	–	(1,376)
Grant and contributions balance sheet adjustments	(0,097)	0,116	–	0,015	–	–	–	–	0,035
Add in financing subsidiary/Group interest expense	–	–	–	–	(1,151)	–	–	–	(1,151)
Pension interest allocation (other interest expense)	–	–	–	–	(0,800)	0,800	–	–	–
The associated corporation tax relating to the derecognition of costs relating to the innovation fund costs	–	–	–	–	–	–	(0,097)	–	(0,097)
The associated deferred tax relating to the change in capital treatment of new supplies and s185 costs, the associated depreciation and IAS23 interest.	–	–	–	–	–	–	–	4,777	4,777
<b>Net adjustments</b>	<b>(11,795)</b>	<b>140,608</b>	<b>0,537</b>	<b>(132,614)</b>	<b>(16,034)</b>	<b>0,800</b>	<b>(0,097)</b>	<b>4,777</b>	<b>(13,818)</b>

1. Adjustments relate to power generation recognised as a reduction in operating costs for statutory purposes but as non-appointed income for Regulatory Reporting. In addition, overhead costs recharged to a subsidiary for retail activities are netted off against the contract value in Regulatory Reporting to fairly reflect the cost of delivering the appointed businesses retail activities.

## I Regulatory financial reporting – SBB continued

### Table 1Ai Interest

	£m
Interest charged on external borrowings, excluding those relating to DPC arrangements	(167,050)
Interest payable on intra-group borrowings	(2,872)
Interest charges in relation to DPC arrangements under IFRS16	–
Interest payable in relation to other leases under IFRS16	(1,097)
Amortisation of debt issuance costs	(1,342)
Amortisation of any debt premiums/discounts	0,330
Preference share dividends	–
Any other financing costs/ interest charges	(1,601)
<b>1A.7 Interest expense</b>	<b>(173,632)</b>

Interest received in relation to defined benefit pension scheme assets	0,800
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<b>1A.8 Other Interest expense</b>	<b>0,800</b>
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### TABLE 1B – Statement of comprehensive income

	Adjustments				Total appointed activities £m
	Statutory £m	Differences between statutory and RAG definitions £m	Non-appointed £m	Total adjustments £m	
Profit for the year	2,482	(13,818)	2,225	(16,043)	<b>(13,561)</b>
Actuarial gains/(losses) on post employment plans	(5,625)	–	(0,167)	0,167	<b>(5,458)</b>
Other comprehensive income	(12,195)	–	–	–	<b>(12,195)</b>
<b>Total comprehensive income for the year</b>	<b>(15,338)</b>	<b>(13,818)</b>	<b>2,058</b>	<b>(15,876)</b>	<b>(31,214)</b>

Actuarial gains/losses are net of tax and allocated based on the deficit/surplus associated with the pension scheme member. This is applied to the activities associated with their employment history weighted by the time spent in each role, consistent with the approach to allocating pension contributions.

Other comprehensive income relates to cash flow hedges held in the appointed business.



**TABLE 1C – Statement of financial position****Reflects Balance Sheet as at 31 March 2024**

	Adjustments				<b>Total appointed activities £m</b>
	Statutory £m	Differences between statutory and RAG definitions £m	Non-appointed £m	Total adjustments £m	
<b>Non-current assets</b>					
Fixed assets	4,571,118	(44,036)	4,782	(48,818)	<b>4,522,300</b>
Intangible assets	313,812	–	–	–	<b>313,812</b>
Investments – loans to Group companies	–	–	–	–	–
Investments – other	21,708	–	–	–	<b>21,708</b>
Financial instruments	17,263	–	–	–	<b>17,263</b>
Retirement benefit assets	10,816	–	0,433	(0,433)	<b>10,383</b>
<b>Total non-current assets</b>	<b>4,934,717</b>	<b>(44,036)</b>	<b>5,215</b>	<b>(49,251)</b>	<b>4,885,466</b>
<b>Current assets</b>					
Inventories	10,200	–	0,027	(0,027)	<b>10,173</b>
Trade and other receivables	258,179	0,201	3,616	(3,415)	<b>254,764</b>
Financial instruments	22,351	–	–	–	<b>22,351</b>
Cash and cash equivalents	25,967	–	–	–	<b>25,967</b>
<b>Total current assets</b>	<b>316,697</b>	<b>0,201</b>	<b>3,643</b>	<b>(3,442)</b>	<b>313,255</b>
<b>Current liabilities</b>					
Trade and other payables	(184,985)	(0,352)	(7,704)	7,352	<b>(177,633)</b>
Capex creditor	(96,660)	–	–	–	<b>(96,660)</b>
Borrowings	(259,238)	0,776	–	0,776	<b>(258,462)</b>
Financial instruments	(5,189)	–	–	–	<b>(5,189)</b>
Current tax liabilities	–	–	–	–	–
Provisions	(12,981)	–	–	–	<b>(12,981)</b>
<b>Total liabilities</b>	<b>(559,053)</b>	<b>0,424</b>	<b>(7,704)</b>	<b>8,128</b>	<b>(550,925)</b>
<b>Net current assets/(liabilities)</b>	<b>(242,356)</b>	<b>0,625</b>	<b>(4,061)</b>	<b>4,686</b>	<b>(237,670)</b>
<b>Non-current liabilities</b>					
Trade and other payables	(0,460)	–	–	–	<b>(0,460)</b>
Borrowings	(3,136,065)	–	–	–	<b>(3,136,065)</b>
Financial instruments	(3,249)	–	–	–	<b>(3,249)</b>
Retirement benefit obligations	–	–	–	–	–
Provisions	–	–	–	–	–
Deferred income – G&Cs	(16,609)	(0,325)	–	(0,325)	<b>(16,934)</b>
Deferred income – adopted assets	(158,800)	–	–	–	<b>(158,800)</b>
Preference share capital	–	–	–	–	–
Deferred tax	(466,018)	11,477	(1,154)	12,631	<b>(453,387)</b>
<b>Total non-current liabilities</b>	<b>(3,781,201)</b>	<b>11,152</b>	<b>(1,154)</b>	<b>12,306</b>	<b>(3,768,895)</b>
<b>Net assets</b>	<b>911,160</b>	<b>(32,259)</b>	<b>–</b>	<b>(32,259)</b>	<b>878,901</b>
<b>Equity</b>					
Called up share capital	295,923	–	–	–	<b>295,923</b>
Retained earnings and other reserves	615,237	(32,259)	–	(32,259)	<b>582,978</b>
<b>Total equity</b>	<b>911,160</b>	<b>(32,259)</b>	<b>–</b>	<b>(32,259)</b>	<b>878,901</b>

## I Regulatory financial reporting – SBB continued

**TABLE 1C – Statement of financial position continued**

The statement of financial position reflects the balance sheet as at 31 March 2024

	Fixed assets £m	Trade and Other Receivables £m	Trade and Other Payables £m	Current Borrowings £m	Capex Creditors £m	Deferred tax £m	Net assets £m
Cumulative capitalised interest, depreciation and tax impact <sup>1</sup>	41559	-	-	-	-	-	41559
Conversion opening difference	0.067	-	-	-	-	-	0.067
New Supplies NPV	2.560	-	-	-	-	-	2.560
s185 diversions NPV	(0.329)	-	-	-	-	-	(0.329)
Administration of new supplies	0.241	-	-	-	-	-	0.241
Gross up sewer inspection fees	(0.062)	-	-	-	-	-	(0.062)
Revenue Deemed uncollectable	-	(0.201)	-	-	-	-	(0.201)
Overdraft presentation reallocation	-	-	0.776	(0.776)	-	-	-
Innovation Fund Adjustment	-	-	(0.424)	-	-	-	(0.424)
s185 diversions G&Cs	-	-	-	-	0.325	-	0.325
Deferred tax treatment RAG Difference	-	-	-	-	-	(11.477)	(11.477)
<b>Net adjustments</b>	<b>44.036</b>	<b>(0.201)</b>	<b>0.352</b>	<b>(0.776)</b>	<b>0.325</b>	<b>(11.477)</b>	<b>32.259</b>

1. Cumulative capitalised interest of £45.667m and depreciation on capitalised interest of £4.108.

The statement of financial position reflects the balance sheet as at 31 March 2024. The statement of financial position is reflective of the combined assets, liabilities and equity of South West Water and Bristol Water following the statutory transfer of materially all of the trade and assets of Bristol Water plc to South West Water Ltd during 2022/23. Accumulated reserves, pension assets and certain debt instruments did not transfer to the South West Water Ltd appointed company and remained with Bristol Water plc.

During the year, as part of the statutory transfer, South West Water received a dividend in specie of £143,000m in order to settle a loan note with Bristol Water plc. South West Water then impaired its investment in Bristol Water plc for £143,000m resulting in a net nil impact to net assets.

Both statutory financial statements and Regulatory Reporting is based on International Financial Reporting Standards (IFRS) with the following adjustments to reflect the Regulatory Reporting Guidelines (RAGs).

As at 31 March 2024, SWB has a current tax asset (£8.020m) and as a result is being disclosed under trade & other receivables within current assets (1C.9) opposed to a debit balance within current liabilities.

Cash & cash equivalents (1C.11) of £25.967m represents restricted deposits which are not accessible for use in normal business operations. Cash at bank and in hand is in and overdraft position (£0.776m) and classified as current borrowings in the statutory accounts. This has been reallocated to Trade & other payables (1C.13) in the regulatory accounts.

The appointed overdraft balance is net of £4.493m positive cash balance which relates to the innovation competition fund. For South West Water and Bristol Water the innovation competition fund value is £3.721m and £0.772m respectively as at 31 March 2024.

### Non-appointed

Non-appointed fixed assets reflect investments in solar and wind installations as well as hydro-generation schemes, fisheries and riverside assets and the fair value of non-appointed leased assets. In addition, investment to support tankered waste activities has been included within non-appointed assets.

Trade and other receivables reflect debtors associated with non-appointed activities and trade payables are allocated based on operating costs with specific non-appointed activities removed.

Current tax assets represent the tax due on profits (less any payments in advance, which have resulted in the asset position) with deferred tax reflecting the capital allowances on fixed assets and the pension.

Retirement benefit obligations are allocated based on the deficit/surplus associated with the pension scheme member and applying this to the activities within their employment history.

As all of the Company's borrowings have been raised to fund appointee activities, none of these have been apportioned to the non-appointed business.

TABLE 1D – Statement of cash flows

	Adjustments				Total appointed activities £m
	Statutory £m	Differences between statutory and RAG definitions £m	Non-appointed £m	Total adjustments £m	
<b>Operating activities</b>					
Operating profit	8,849	129,350	2,188	127,162	<b>136,011</b>
Other income	148,343	(132,614)	0,730	(133,344)	<b>14,999</b>
Depreciation	162,367	(0,657)	0,511	(1,168)	<b>161,199</b>
Amortisation – G&Cs	–	–	–	–	<b>–</b>
Changes in working capital	(54,372)	(3,606)	(3,292)	(0,314)	<b>(54,686)</b>
Pension contributions	–	(1,590)	(0,047)	(1,543)	<b>(1,543)</b>
Movement in provisions	(2,797)	2,093	–	2,093	<b>(0,704)</b>
Profit on sale of fixed assets	(0,537)	–	–	–	<b>(0,537)</b>
<b>Cash generated from operations</b>	<b>261,853</b>	<b>(7,024)</b>	<b>0,090</b>	<b>(7,114)</b>	<b>254,739</b>
Net interest paid	(100,048)	–	–	–	<b>(100,048)</b>
Tax paid	4,246	(0,097)	(0,097)	–	<b>4,246</b>
<b>Net cash generated from operating activities</b>	<b>166,051</b>	<b>(7,121)</b>	<b>(0,007)</b>	<b>(7,114)</b>	<b>158,937</b>
<b>Investing activities</b>					
Capital expenditure	(544,260)	0,446	–	0,446	<b>(543,814)</b>
Grants & contributions	–	6,675	–	6,675	<b>6,675</b>
Disposal of fixed assets	0,733	–	–	–	<b>0,733</b>
Other	4,034	–	–	–	<b>4,034</b>
<b>Net cash used in investing activities</b>	<b>(539,493)</b>	<b>7,121</b>	<b>–</b>	<b>7,121</b>	<b>(532,372)</b>
<b>Net cash generated before financing</b>	<b>(373,442)</b>	<b>–</b>	<b>(0,007)</b>	<b>0,007</b>	<b>(373,435)</b>
<b>Cash flows from financing activities</b>					
Equity dividends paid	–	–	–	–	<b>–</b>
Net loans received	348,200	–	–	–	<b>348,200</b>
Cash inflow from equity financing	–	–	–	–	<b>–</b>
<b>Net cash generated from financing activities</b>	<b>348,200</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>348,200</b>
<b>Increase/(decrease) in net cash</b>	<b>(25,242)</b>	<b>–</b>	<b>(0,007)</b>	<b>0,007</b>	<b>(25,235)</b>

Statement of cashflows has been completed on an SBB basis.

## I Regulatory financial reporting – SBB continued

**TABLE 1E – Net debt analysis (appointed activities)**

	Fixed rate £m	Floating rate £m	Index linked		Total £m
			RPI £m	CPI/CPIH £m	
<b>Interest rate risk profile</b>					
Borrowings (excluding preference shares)	2,213,591	664,794	391,006	60,691	<b>3,330,082</b>
Preference share capital	–				–
<b>Total borrowings</b>	2,213,591	664,794	391,006	60,691	<b>3,330,082</b>
Cash					–
Short-term deposits					<b>(25,967)</b>
<b>Net debt</b>					<b>3,304,115</b>
<b>Gearing</b>					
Gearing					<b>68.298%</b>
Adjusted gearing					<b>68.249%</b>
<b>Interest</b>					
Full year equivalent nominal interest cost	85,877	48,203	35,744	2,205	<b>172,029</b>
Full year equivalent cash interest payment	85,877	48,203	18,191	0,266	<b>152,537</b>
<b>Indicative interest rates</b>					
Indicative weighted average nominal interest rate	3.880%	7.251%	9.142%	3.633%	<b>5.166%</b>
Indicative weighted average cash interest rate	3.880%	7.251%	4.652%	0.438%	<b>4.581%</b>
<b>Time to maturity</b>					
Weighted average years to maturity	7.988	21.221	38.271	5.784	<b>14.145</b>

South West Water (Bristol area) has preference share capital held in financing subsidiary Bristol Water plc, as this is not in the appointed business it is included in Fixed rate Borrowings above.

The table above reflects the position of the appointed business and excludes the £2.384m of non-appointed cash assumed within cash. RCV at 31 March 2024 was £4,837.8m resulting in a gearing ratio of 68.298% for the appointed business.

Adjusted gearing of 68.249% is based on the total cash position (rather than the cash position of the appointed business only).

Fixed and floating debt costs and interest rates are equivalent to the cash interest payments. Only index-linked debt has a differential between the interest charges and cash interest payments, where RPI or CPI is accreted into the loan balance.

### Total Borrowings

For the purposes of table 1F, which has been completed separately for SWB and BRL, the net debt has been split as follows:

Table 4B Total Borrowings	£m
SWB	<b>2,852,601</b>
BRL	<b>477,481</b>
<b>SBB 1E Total Borrowing</b>	<b>3,330,082</b>
Fair Value Adjustment	<b>12,500</b>
Unamortised Debt Issue Costs	<b>(6,729)</b>
Overdraft	<b>(0,776)</b>
Loan to Financing Subsidiary	<b>59,450</b>
<b>SBB 1C (1C.15+1C.22)</b>	<b>3,394,527</b>

### Shadow RCV

South West Water also maintains a shadow RCV that reflects the underlying performance of South West Water over the regulatory period.

SBB RCV (Combined 4C)	£m
RCV as per the final determination	<b>4,837.78</b>
Performance in the regulatory period	<b>130.21</b>
<b>Shadow RCV</b>	<b>4,967.99</b>

Gearing on 4H does not reflect the RCV adjustment which will arise on 31st March 2025. This results in a shadow gearing of c.63.5%

### Liquidity and debt profile

The Company has a strong liquidity and funding position with £321 million of cash and committed facilities as at 31 March 2024. This consists of cash and cash equivalents of £26 million of restricted funds (representing deposits with lessors against lease obligations) and £295 million of undrawn facilities.

South West Water net debt at 31 March 2024 is a mix of fixed / swapped (£2,214 million, 66%), floating (£665 million, 20%) and index-linked borrowings (£452 million, 13%), which reflects our diverse debt portfolio. New debt raised during this regulatory period has been fixed to align to iBoxx indices in line with Ofwat's approach to allowed cost of debt. Where appropriate, derivatives are used to fix the rate on floating rate debt.

As we progress through the remainder of the current regulatory period, we expect the mix of our debt portfolio to evolve and are strategically targeting index-linked debt to represent 20–25% of our portfolio in the long term. This will enable the Company to maintain its financing flexibility, whilst remaining within our treasury policy of at least 60% fixed rate debt.

As the Company continues to develop, and we see our funding requirements grow, we expect the Company to manage its portfolio with larger debt issuances, taking advantage of the public ratings once established by the end of our current regulatory period.

We will continue to maintain a diverse portfolio of debt to support flexibility and growth opportunities. We expect that our reinvestment of our outperformance in environmental enhancements will be financed through debt, resulting in increased net debt to RCV gearing in the short term. In the long-term this investment will provide returns though our next regulatory period.

**TABLE 4H – Financial metrics as at 31 March 2024**

	Current year £m	AMP to date
<b>Financial indicators</b>		
Net debt	3303.753	
Regulatory equity	1,534.028	
Regulatory gearing	68.29%	
Post tax return on regulatory equity	(1.13%)	
RORE (return on regulatory equity)	(2.54%)	5.30%
Dividend yield	2.79%	
Retail profit margin – Household	0.16%	
Retail profit margin – Non household	0.02%	
Credit rating – Fitch	N/A	
Credit rating – Moody's	N/A	
Credit rating – Standard & Poor's	N/A	
Return on RCV	3.14%	
Dividend cover	(0.32)	
Funds from operations (FFO)	213.623	
Interest cover (cash)	3.09	
Adjusted interest cover (cash)	0.72	
FFO/Net debt	0.06	
Effective tax rate	3.72%	
RCF	213.623	
RCF/Net debt	0.06	
<b>Borrowings</b>		
Proportion of borrowings which are fixed rate	66.47%	
Proportion of borrowings which are floating rate	19.96%	
Proportion of borrowings which are index linked	13.56%	
Proportion of borrowings due within 1 year or less	3.54%	
Proportion of borrowings due in more than 1 year but no more than 2 years	4.11%	
Proportion of borrowings due in more than 2 years but no more than 5 years	7.27%	
Proportion of borrowings due in more than 5 years but no more than 20 years	63.53%	
Proportion of borrowings due in more than 20 years	21.55%	

## I Regulatory financial reporting – SBB continued

### Table 4H Commentary

In the year South West Water has achieved a formal credit rating, however due to the sensitive information of the rating South West Water have chosen not to disclose this information.

South West Water monitors several metrics (including those within the Regulatory Reporting table 4H) as outlined below:

#### Regulatory Capital Value (RCV)

RCV is the financial base used by Ofwat to allow a rate of return and set prices at each Periodic Review. At 31 March 2024 RCV, for the combined company, equalled £4,834m with average CPIH inflation for the year of 5.55%. Yearend RCV at 31 March 2023 was £4,646m. This value includes the adjustment for the IFRS16 leases in the opening RCV as per the Ofwat letter dated 11 February 2020 for South West Water.

#### Regulated gearing

The regulated gearing of 68.29% (base on RCV including the adjustment for the IFRS16 leases) has been calculated as yearend net debt as a proportion of RCV with Ofwat's notional regulated gearing for the regulatory period 2020–25 set at 60.0%.

#### Post tax return on regulated equity

The post-tax return on regulated equity of -1.13% has been calculated as profit after current tax for the appointed business as a percentage of year average regulated equity of £1,653m.

#### Dividend Yield

The dividend yield of 2.79% is calculated as the total appointed dividend for the year of £42.775m on the year end regulated equity of £1,534m.

#### Interest cover

South West Water has access to overall interest rates that are amongst the lowest in the water industry. Reported interest cover of 3.09 times for 2023/24. Covenants on an underlying basis are maintained with sufficient headroom.

#### Adjusted interest cover

Adjusted interest cover of 0.72 times for 2023/24 is lower than prior year. This adjusted interest cover deducts regulatory depreciation (which is defined in the Final Determination) from the funds from operations calculated as covering interest.

#### Interest Cost

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

<b>Breakdown of interest paid on borrowings</b>	<b>2023/24</b>
Interest paid used in calculation	<b>100.048</b>
Interest received	<b>2.233</b>
<b>Net Interest Paid as per 1D.10</b>	<b>102.281</b>

#### Return on regulated equity

South West Water's return on regulated equity for 2023/24 is -2.54%.

#### Effective tax rate

The tax rate differs from the standard rate of corporation tax primarily due to super deductions and first year capital allowances on qualifying assets.

#### Borrowings analysis

Full debt analysis can be found in tables 1E and 4B.



# Regulatory financial reporting – SWB


**TABLE 1F – Financial flows for the 12 months ended 31 March 2024**

	12 months ended 31 March 2024					
	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
<b>Return on regulatory equity</b>						
Regulatory equity	1,323,657	1,323,657	1,200,153			
Return on regulatory equity	3.98%	3.61%	3.98%	52,682	47,766	47,766
<b>Financing</b>						
Impact of movement from notional gearing		0.37%	0.19%		4,915	2,272
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		1.10%	1.21%		14,569	14,569
Group relief		–	–		–	–
Cost of debt		2.75%	3.30%		36,452	39,621
Hedging instruments		1.10%	1.21%		14,495	14,495
<b>Return on regulatory equity including Financing adjustments</b>	<b>3.98%</b>	<b>8.93%</b>	<b>9.89%</b>	<b>52,682</b>	<b>118,198</b>	<b>118,723</b>
<b>Operational performance</b>						
Totex out / (under) performance		(11.26%)	(12.42%)		(149,048)	(149,048)
ODI out / (under) performance		(1.01%)	(1.12%)		(13,434)	(13,434)
C–Mex out / (under) performance		(0.05%)	(0.06%)		(0,697)	(0,697)
D–Mex out / (under) performance		(0.02%)	(0.03%)		(0,308)	(0,308)
Retail out / (under) performance		(0.23%)	(0.25%)		(3,013)	(3,013)
Other exceptional items		–	–		–	–
<b>Operational performance total</b>		<b>(12.58%)</b>	<b>(13.87%)</b>		<b>(166,500)</b>	<b>166,500</b>
<b>RoRE (Return on regulatory equity)</b>	<b>3.98%</b>	<b>(3.65%)</b>	<b>(3.98%)</b>	<b>52,682</b>	<b>(48,302)</b>	<b>(47,777)</b>
<b>RCV growth</b>						
RCV growth	4.63%	4.63%	4.63%	61,285	61,285	55,567
<b>Voluntary sharing arrangements</b>						
Voluntary sharing arrangements		–	–		–	–
<b>Total shareholder return</b>	<b>8.61%</b>	<b>0.98%</b>	<b>0.65%</b>	<b>113,967</b>	<b>12,983</b>	<b>7,790</b>
<b>Dividends</b>						
Gross dividend	3.00%	–	–	39,710	–	–
Interest received on intercompany loans		–	–		–	–
<b>Retained value</b>	<b>5.61%</b>	<b>0.98%</b>	<b>0.65%</b>	<b>74,257</b>	<b>12,983</b>	<b>7,790</b>
<b>Cash impact of 2015–20 performance adjustments</b>						
Totex out / under performance		(0.14%)	(0.15%)		(1,820)	(1,820)
ODI out / under performance		0.17%	0.19%		2,228	2,228
<b>Total out / under performance</b>		<b>0.03%</b>	<b>0.03%</b>		<b>0,408</b>	<b>0,408</b>

Our return on regulated equity for 2023/24 of (3.65%) for South West Water has been driven by South West Water's reinvestment program, where we have reinvested previous outperformance into schemes to help the environment and improve water resilience. These have included South West Water's Water fit program and our drought desalination plant. These investments have driven the lower returns in both the cost of debt and totex performance.

We have declared a dividend in the year which has not yet been paid, see pages 99 to 103.



TABLE 1F – Financial flows for the AMP to date (2017–18 financial year average CPIH) continued

	Average 2020–25					
	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
<b>Return on regulatory equity</b>						
Regulatory equity	1307.382	1307.382	1164.681			
Return on regulatory equity	3.96%	3.53%	3.96%	51.772	46.121	46.121
<b>Financing</b>						
Impact of movement from notional gearing		0.43%	0.22%		5.651	2.560
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		0.64%	0.71%		8.312	8.312
Group relief		–	–		–	–
Cost of debt		4.08%	4.81%		53.278	56.012
Hedging instruments		0.35%	0.39%		4.580	4.580
<b>Return on regulatory equity including Financing adjustments</b>	<b>3.96%</b>	<b>9.02%</b>	<b>10.10%</b>	<b>51.772</b>	<b>117.942</b>	<b>117.585</b>
<b>Operational performance</b>						
Totex out / (under) performance		(3.14%)	(3.52%)		(41.042)	(41.042)
ODI out / (under) performance		(0.48%)	(0.54%)		(6.260)	(6.260)
C–Mex out / (under) performance		(0.03%)	(0.04%)		(0.452)	(0.452)
D–Mex out / (under) performance		(0.01%)	(0.01%)		(0.082)	(0.082)
Retail out / (under) performance		(0.04%)	(0.05%)		(0.544)	(0.544)
Other exceptional items		0.01%	0.01%		0.103	0.103
<b>Operational performance total</b>		<b>(3.69%)</b>	<b>(4.15%)</b>		<b>(48.277)</b>	<b>(48.277)</b>
<b>RoRE (Return on regulatory equity)</b>	<b>3.96%</b>	<b>5.33%</b>	<b>5.95%</b>	<b>51.772</b>	<b>69.665</b>	<b>69.308</b>
RCV growth	5.91%	5.91%	5.91%	77.266	77.266	68.833
Voluntary sharing arrangements		–	–		–	–
<b>Total shareholder return</b>	<b>9.87%</b>	<b>11.24%</b>	<b>11.86%</b>	<b>129.039</b>	<b>146.932</b>	<b>138.141</b>
<b>Dividends</b>						
Gross dividend	3.00%	3.55%	3.99%	39.221	46.451	46.451
Interest receivable on intercompany loans		–	–		–	–
<b>Retained value</b>	<b>6.87%</b>	<b>7.69%</b>	<b>7.87%</b>	<b>89.817</b>	<b>100.481</b>	<b>91.690</b>
<b>Cash impact of 2015–20 performance adjustments</b>						
Totex out / under performance		(0.13%)	(0.15%)		(1.744)	(1.744)
ODI out / under performance		0.16%	0.18%		2.134	2.134
<b>Total out / under performance</b>		<b>0.03%</b>	<b>0.03%</b>		<b>0.390</b>	<b>0.390</b>

Our cumulative return on Regulated equity for the regulatory period to date of 5.33% for South West Water, is reflective of the underlying base position of the AMP of 4%. Where we have gained benefit in the AMP through our efficient financing strategy we have been able to invest these savings into our Waterfit and Water resilience programs.

South West Water's Dividend policy is included on pages 99 to 103.

The RCV balance used, is inclusive of the IFRS16 lease adjustment, this is in line with the letter published 18 May 2020 by David Black.

# Price review and other segmental reporting – SWB



**TABLE 2A – Segmental income statement**

	Retail Household £m	Retail Non-household £m	Water resources £m	Water Network+ £m	Wastewater Network+ £m	Biosources £m	<b>Total £m</b>
Revenue – price control	31,574	0.034	22,281	233,060	248,461	26,523	<b>561,933</b>
Revenue – non price control	–	–	–	1,709	0,837	–	<b>2,546</b>
Operating expenditure – excluding PU recharge impact	(29,835)	–	(28,665)	(127,055)	(126,384)	(24,069)	<b>(336,008)</b>
PU opex recharge	(1,495)	–	0,065	0,731	0,533	0,166	–
<b>Operating expenditure – including PU recharge impact</b>	<b>(31,330)</b>	<b>–</b>	<b>(28,600)</b>	<b>(126,324)</b>	<b>(125,851)</b>	<b>(23,903)</b>	<b>(336,008)</b>
Depreciation – tangible fixed assets	(0,743)	–	(5,322)	(53,141)	(68,704)	(4,776)	<b>(132,686)</b>
Amortisation – intangible fixed assets	–	–	–	–	–	–	–
<b>Other operating income</b>	<b>–</b>	<b>–</b>	<b>0,010</b>	<b>0,044</b>	<b>0,044</b>	<b>–</b>	<b>0,098</b>
<b>Operating profit</b>	<b>(0,499)</b>	<b>0,034</b>	<b>(11,631)</b>	<b>55,348</b>	<b>54,787</b>	<b>(2,156)</b>	<b>95,883</b>
<b>Surface water drainage rebates</b>							
Surface water drainage rebates							<b>6,726</b>

## Revenue – price control

This includes all wholesale water and wastewater charges, trade effluent income and household retail charges.

## Revenue – non price control

This has been based on the RAG 4.12 revenue appendix and includes mains and sewer diversions, standpipe hire and other rechargeable works.

Retail Non-household revenue reflects income from business customers on the Isles of Scilly.

## Other operating income

Profit on the sale of fixed assets (other operating income) has been allocated based on the underlying asset category which generated the sale, with management and general assets being split pro-rata.

## Recharges

Recharges to other business segments reflect charges for the use of assets, and are equal to the depreciation charged in respect of management and general assets principally used by the wholesale business units where part of the cost is recharged to the retail business unit. This excludes charges to non-appointed activities reflected in operating costs in table 1A.

## Surface water rebates

Surface water rebates reflects 89,038 customers for whom there is no connection to the South West Water wastewater network for surface water (i.e. rainwater which falls on an impermeable area of a property such as its roof, drive, hardstanding area or car park).

## Allowed Revenue Reconciliation

	Water Resources £m	Water Network+ £m	Wastewater Network+ £m	<b>Total Revenue for RF</b>	Bioresources £m	Total £m
<b>Final Determination Revenue Allowance (Outturn Prices) (Table 2M)</b>	21.120	227.889	245.819	<b>494.828</b>	26.367	521.195
Customer Demand and Profile	1.118	13.468	10.767	<b>25.353</b>	0.134	25.487
New Connections / Diversions / Requisitions <sup>1</sup>	–	(0.698)	(2.721)	<b>(3.419)</b>	–	(3.419)
Meter Optants	0.043	0.098	0.017	<b>0.158</b>	0.022	0.180
Capitalised Requisitions	–	–	–	–	–	–
<b>Actual Outturn (Table 2M)</b>	22.281	240.757	253.882	<b>516.920</b>	26.523	543.443
Variance to Final Determination Revenue Allowance (Outturn Prices) (Table 2M)	1.161	12.868	8.064	<b>22.092</b>	0.156	22.248
<b>Variance as % for RFI</b>	5.50%	5.65%	3.28%	<b>4.46%</b>		4.27%

1. New connections impact both the water and wastewater revenue as well as revenue for connection and infrastructure charges.

As shown above the outturn revenue is £22.2m higher than allowed revenue. This will incur a penalty of c.£0.8m through the RFI mechanism.

When setting the 2023/24 tariffs an overall consumption reduction was expected due to the ongoing unwind of Covid consumption uplifts and the water restrictions in place in the region.

Household consumption was expected to decrease during the year but due to the prior year drought and water restrictions FY24 saw an overall increase in consumption.

Non-household customers were expected to reduce as prior years had seen significant market recovery following Covid. A reduction was seen but not to the extent expected.

The final outturn for FY24 was a flat consumption position.

Customer numbers (New Connections) were in line with expectations.

Developer Service activity (Grants and Contributions) for Water has increased from prior year and is in line with expectation. For wastewater a significant reduction in Diversions schemes during the year has led to a reduction both against expectation and prior year performance.

## I Price review and other segmental reporting – SWB continued

TABLE 2B – Totex analysis – wholesale

	Water resources £m	Water Network+ £m	Wastewater Network+ £m	Bioresources £m	Total £m
<b>Base operating expenditure</b>					
Power	10,165	39,211	45,157	3,278	<b>97,811</b>
Income treated as negative expenditure	(0,959)	(0,155)	0,003	(0,202)	<b>(1,313)</b>
Service charges/discharge consents	5,231	0,772	4,174	–	<b>10,177</b>
Bulk supply/Bulk discharge	–	–	–	–	<b>–</b>
Renewals expensed in year (Infrastructure)	–	3,855	3,320	–	<b>7,175</b>
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	<b>–</b>
Other operating expenditure	10,885	62,346	67,680	19,350	<b>160,261</b>
Local authority and Cumulo rates	1,640	15,487	5,277	1,477	<b>23,881</b>
<b>Total base operating expenditure</b>	<b>26,962</b>	<b>121,516</b>	<b>125,611</b>	<b>23,903</b>	<b>297,992</b>
<b>Other operating expenditure</b>					
Enhancement operating expenditure	1,638	–	–	–	<b>1,638</b>
Developer services operating expenditure	–	3,364	0,240	–	<b>3,604</b>
<b>Total operating expenditure excluding third party services</b>	<b>28,600</b>	<b>124,880</b>	<b>125,851</b>	<b>23,903</b>	<b>303,234</b>
Third party services	–	1,444	–	–	<b>1,444</b>
<b>Total operating expenditure</b>	<b>28,600</b>	<b>126,324</b>	<b>125,851</b>	<b>23,903</b>	<b>304,678</b>
<b>Grants and contributions</b>					
Grants and contributions – operating expenditure	–	6,074	4,182	–	<b>10,256</b>
<b>Capital expenditure</b>					
Base capital expenditure	5,826	100,638	113,908	2,867	<b>223,239</b>
Enhancement capital expenditure	81,097	103,702	84,892	–	<b>269,691</b>
Developer services capital expenditure	–	9,287	5,421	–	<b>14,708</b>
<b>Total gross capital expenditure (excluding third party)</b>	<b>86,923</b>	<b>213,627</b>	<b>204,221</b>	<b>2,867</b>	<b>507,638</b>
Third party services	–	–	–	–	<b>–</b>
<b>Total gross capital expenditure</b>	<b>86,923</b>	<b>213,627</b>	<b>204,221</b>	<b>2,867</b>	<b>507,638</b>
<b>Grants and contributions</b>					
Grants and contributions – capital expenditure	–	(2,180)	1,242	–	<b>(0,938)</b>
<b>Net Totex</b>	<b>115,523</b>	<b>336,057</b>	<b>324,648</b>	<b>26,770</b>	<b>802,998</b>
<b>Cash</b>					
Pension deficit recovery payments	–	–	–	–	<b>–</b>
Other cash items	–	–	–	–	<b>–</b>
<b>Totex including cash items</b>	<b>115,523</b>	<b>336,057</b>	<b>324,648</b>	<b>26,770</b>	<b>802,998</b>

### Table 2B Commentary

#### Operating Expenditure

Year on year operating costs are c.£8m higher than prior year reflecting higher power costs caused by an increase in flow of treated wastewater, an increase in tankering to help with preventive pollution measures and an increase in headcount to help achieve compliance requirements.

#### Capital Expenditure

Capital expenditure is c.£208m higher than the prior year. 2024 is our peak year for investment during the 2023/24 regulatory period as reflected in the Final Determination and Green Recovery plan, in addition to extra commitments made in our drought plan and as part of our WaterFit initiatives.

TABLE 2C – Operating cost analysis – retail

	Household – total £m	Non-household – total £m	Total £m
<b>Operating expenditure</b>			
Customer services	14,744	–	<b>14,744</b>
Debt management	0,543	–	<b>0,543</b>
Doubtful debts	8,052	–	<b>8,052</b>
Meter reading	1,480	–	<b>1,480</b>
Services to developers	–	–	–
Other operating expenditure	5,016	–	<b>5,016</b>
Local authority and Cumulo rates	–	–	–
<b>Total operating expenditure excluding third party services</b>	<b>29,835</b>	<b>–</b>	<b>29,835</b>
<b>Depreciation</b>			
Depreciation on tangible fixed assets existing at 31 March 2015	–	–	–
Depreciation on tangible fixed assets acquired after 1 April 2015	0,743	–	<b>0,743</b>
Amortisation on intangible fixed assets existing at 31 March 2015	–	–	–
Amortisation on intangible fixed assets acquired after 1 April 2015	–	–	–
<b>Recharges</b>			
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	1,495	–	<b>1,495</b>
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	–	–	–
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	–	–	–
Income from wholesale assets acquired after 1 April 2015 principally used by retail	–	–	–
<b>Net recharges costs</b>	<b>1,495</b>	<b>–</b>	<b>1,495</b>
<b>Total retail costs excluding third party and pension deficit repair costs</b>	<b>32,073</b>	<b>–</b>	<b>32,073</b>
Third party services operating expenditure	–	–	–
Pension deficit repair costs	–	–	–
<b>Total retail costs including third party and pension deficit repair costs</b>	<b>32,073</b>	<b>–</b>	<b>32,073</b>
<b>Debt written off</b>			
Debt written off	9,193	–	<b>9,193</b>
<b>Capital expenditure</b>			
Capital expenditure	0,423	–	<b>0,423</b>
<b>Other operating expenditure includes the net retail expenditure for the following household retail activities which are part funded by wholesale</b>			
Demand-side water efficiency – gross expenditure			<b>3,907</b>
Demand-side water efficiency – expenditure funded by wholesale			<b>3,414</b>
<b>Demand-side water efficiency – net retail expenditure</b>			<b>0,493</b>
Customer-side leak repairs – gross expenditure			<b>3,824</b>
Customer-side leak repairs – expenditure funded by wholesale			<b>2,737</b>
<b>Customer-side leak repairs – net retail expenditure</b>			<b>1,087</b>
<b>Comparison of actual and allowed expenditure</b>			
Cumulative actual retail expenditure to reporting year end			<b>133,578</b>
Cumulative allowed expenditure to reporting year end			<b>129,541</b>
Total allowed expenditure 2020–25			<b>164,850</b>

**Operating costs**

South West Water's retail activities are largely undertaken by a wholly owned subsidiary South West Water Customer Services Limited.

Cost allocations are based on the policy outlined on page 97 with a detailed methodology available from the website [www.southwestwater.co.uk](http://www.southwestwater.co.uk).

## I Price review and other segmental reporting – SWB continued

### TABLE 2C – Operating cost analysis – retail continued

#### Depreciation

Depreciation reflects the direct depreciation charged for assets used wholly or principally within the retail price controls. This includes:

- Customer billing and account software
- Meter reading mobile software
- Debt initiatives.

#### Debt written off

Debt written off is allocated based on the specific customers, excluding the costs associated with court and debt recovery activity. South West Water's policy for debt write-off is included within the regulatory disclosures on page 98 (expected credit loss note).

#### Capital expenditure

Capital expenditure recognised directly in the retail business includes:

- Customer service improvement initiatives
- Information technology support and costs
- Directly attributable transport costs.

#### Non-household market

South West Water exited the non-household retail market on 1 April 2017. Following this date there are no associated retail costs in the non-household price control.

### TABLE 2D – Historic cost analysis of tangible fixed assets

	Retail Household £m	Retail Non-household £m	Water Resources £m	Water Network+ £m	Wastewater Network+ £m	Bioresources £m	Total £m
<b>Cost</b>							
At 1 April 2023	31,117	–	185,839	2,291,244	2,861,274	166,172	<b>5,535,646</b>
Disposals	–	–	(0,100)	(2,220)	(1,275)	(0,089)	<b>(3,684)</b>
Additions	0,423	–	86,923	212,443	203,037	2,867	<b>505,693</b>
Adjustments	–	–	–	–	–	–	<b>–</b>
Assets adopted at nil cost	–	–	–	1,099	9,501	–	<b>10,600</b>
<b>At 31 March 2024</b>	<b>31,540</b>	<b>–</b>	<b>272,662</b>	<b>2,502,566</b>	<b>3,072,537</b>	<b>168,950</b>	<b>6,048,255</b>
<b>Depreciation</b>							
At 1 April 2023	(26,789)	–	(54,972)	(765,352)	(1,184,772)	(104,127)	<b>(2,136,012)</b>
Disposals	–	–	0,093	2,114	1,237	0,083	<b>3,527</b>
Adjustments	–	–	(0,107)	(0,680)	(2,783)	(0,181)	<b>(3,751)</b>
Charge for the year	(0,743)	–	(5,322)	(53,141)	(68,704)	(4,776)	<b>(132,686)</b>
<b>At 31 March 2024</b>	<b>(27,532)</b>	<b>–</b>	<b>(60,308)</b>	<b>(817,059)</b>	<b>(1,255,022)</b>	<b>(109,001)</b>	<b>(2,268,922)</b>
<b>Net book amount at 31 March 2024</b>	<b>4,008</b>	<b>–</b>	<b>212,354</b>	<b>1,685,507</b>	<b>1,817,515</b>	<b>59,949</b>	<b>3,779,333</b>
Net book amount at 1 April 2023	4,328	–	130,867	1,525,892	1,676,502	62,045	<b>3,399,634</b>
<b>Depreciation charge for year</b>							
Principal services	(0,743)	–	(5,322)	(53,141)	(68,704)	(4,776)	<b>(132,686)</b>
Third party services	–	–	–	–	–	–	<b>–</b>
<b>Total</b>	<b>(0,743)</b>	<b>–</b>	<b>(5,322)</b>	<b>(53,141)</b>	<b>(68,704)</b>	<b>(4,776)</b>	<b>(132,686)</b>

Fixed assets have been allocated based on their principal use. For assets which are used across the business units (i.e. management and general), they have been assumed to have principal use within wholesale and then allocated between water and wastewater.

The net book value includes £501.077m in respect of assets during construction. This excludes capitalised interest which is not recognised in the regulated accounts in accordance with the Regulatory Accounting Guidelines.

Of the total depreciation charge for the company of £137,374m, we have deducted depreciation on capitalised interest of £0.486m, capitalised depreciation of £1.584m, deferred income of £2.167m, giving a reported total of £132,686m, with £0.451m of depreciation on assets used by the non-appointed business charged through operating costs.

Additions in the year include £10,600m of assets acquired because of new connections. In accordance with IFRIC 18 these assets are recognised at fair value which is their cost excluding administration costs. In total cumulative adopted assets have a value of £176,576m before deducting depreciation.

IFRS16 ROU (right of use assets) were adopted as at 1 April 2019 to offset lease liabilities which were brought on to the balance sheet and are included in the opening balance. The value of adopted assets in the year included in additions was £2,981m, this has been allocated £1,490m to water and £1,491m to wastewater.

**TABLE 2E – Analysis of ‘grants and contributions’ – water resources, water network+ and wastewater network+**

	Fully recognised in income statement £m	Capitalised and amortised (in income statement) £m	Fully netted off capex £m	Total £m
<b>Grants and contributions – water resources</b>				
Diversions – s185	–	–	–	–
Other contributions (price control)	–	–	–	–
Price control grants and contributions	–	–	–	–
Diversions – NRSWA	–	–	–	–
Diversions – other non-price control	–	–	–	–
Other contributions (non-price control)	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Value of adopted assets	–	–	–	–
<b>Grants and contributions – water network+</b>				
Connection charges	4,129	–	–	<b>4,129</b>
Infrastructure charge receipts	0,513	–	–	<b>0,513</b>
Requisitioned mains	–	2,388	–	<b>2,388</b>
Diversions – s185	2,934	–	–	<b>2,934</b>
Other contributions (price control)	–	–	–	–
Price control grants and contributions before deduction of income offset	7,576	2,388	–	<b>9,964</b>
Income offset	–	2,267	–	<b>2,267</b>
Price control grants and contributions after deduction of income offset	7,576	0,121	–	<b>7,697</b>
Diversions – NRSWA	0,568	–	–	<b>0,568</b>
Diversions – other non-price control	–	–	–	–
Other contributions (non-price control)	0,135	(2,301)	–	<b>(2,166)</b>
<b>Total</b>	<b>8,279</b>	<b>(2,180)</b>	<b>–</b>	<b>6,099</b>
Value of adopted assets	–	1,099	–	<b>1,099</b>
<b>Grants and contributions – wastewater network+</b>				
Receipts for on-site work	–	2,189	–	<b>2,189</b>
Infrastructure charge receipts	3,923	–	–	<b>3,923</b>
Diversions – s185	0,158	–	–	<b>0,158</b>
Other contributions (price control)	0,098	–	–	<b>0,098</b>
Price control grants and contributions before deduction of income offset	4,179	2,189	–	<b>6,368</b>
Income offset	–	0,947	–	<b>0,947</b>
Price control grants and contributions after deduction of income offset	4,179	1,242	–	<b>5,421</b>
Diversions – NRSWA	0,001	–	–	<b>0,001</b>
Diversions – other non-price control	–	–	–	–
Other Contributions (non-price control)	0,002	–	–	<b>0,002</b>
<b>Total</b>	<b>4,182</b>	<b>1,242</b>	<b>–</b>	<b>5,424</b>
Value of adopted assets	–	9,728	–	<b>9,728</b>

Contributions are principally received from developers in respect of both new connections which are recognised in the income statement and requisitioned mains/sewers, which are reflected in deferred income and amortised to the income statement over the performance obligation period of 60 years.

Contributions (non-price control) relate to other chargeable works, such as planning application costs, build over applications and changes for remedial works.

Other wastewater contributions (price control) are charges for the inspect of sewer connections.

Grant income received in previous years was released during the year following recognition criteria being met. This explains why the capitalised in year figure results in a net credit for the year.

The carried forward figure of £10.903m represents deferred grants and contributions on the balance sheet.

## I Price review and other segmental reporting – SWB continued

	Water resources £m	Water network+ £m	Wastewater network+ £m	Total £m
<b>Movements in capitalised grants and contributions</b>				
Brought forward	–	4,775	6,831	<b>11,606</b>
Capitalised in year	–	(2,180)	1,242	<b>(0,938)</b>
Amortisation (in income statement)	–	0,189	0,046	<b>0,235</b>
<b>Carried forward</b>	–	2,784	8,119	<b>10,903</b>

Disposals of protected land, including those already subject to regulation through condition K of the licence, have been allocated based on principal site location in line with previously reported figures.

**TABLE 2F – Residential retail**

	Revenue £m	Number of customers 000s	Average residential revenues £
<b>Residential revenue</b>			
Wholesale charges	406,685		
Retail revenue	31,574		
<b>Total residential revenue</b>	438,259		
<b>Retail revenue</b>			
Revenue Recovered (“RR”)	31,574		
Revenue sacrifice	–		
Actual revenue (net)	31,574		
<b>Customer information</b>			
Actual customers (“AC”)		1,011,000	
Reforecast customers		1,022,000	
<b>Adjustment</b>			
Allowed revenue (“R”)	29,938		
Net adjustment	(1,636)		
<b>Other residential information</b>			
Average residential retail revenue per customer			<b>31,230</b>

In 2023/24 SWB has over recovered by £1.636m. c.£0.9m of the over recovery is due to providing less social subsidy than expected when setting the tariffs – this will be passed back to customers in the PR24 final determination. The remaining variance of £0.6m is in line customer number fluctuation between tariff setting and annual outturn.

The average retail price per customer has increased from £30.194 (prior year) to £31.230 (+3.43%) due to the social subsidy impact. Removing this impact would reduce the retail price per customer to £30.3 against an interim determination value of £29.61.

**TABLE 2G – Non-household water – revenues by tariff type and TABLE 2H – Non-household wastewater – revenues by tariff type**

Tables 2G and 2H are applicable to Welsh companies only.



TABLE 2I – Revenue analysis

	Household £m	Non-household £m	Total £m	Water resources £m	Water network+ £m	Total £m
<b>Wholesale charge – water</b>						
Unmeasured	39,834	1,238	<b>41,072</b>	3,445	37,627	<b>41,072</b>
Measured	146,095	61,929	<b>208,024</b>	18,234	189,790	<b>208,024</b>
Third party revenue	–	6,245	<b>6,245</b>	0,602	5,643	<b>6,245</b>
<b>Total wholesale water revenue</b>	<b>185,929</b>	<b>69,412</b>	<b>255,341</b>	<b>22,281</b>	<b>233,060</b>	<b>255,341</b>
	Household £m	Non-household £m	Total £m	Wastewater network+ £m	Bioresources £m	Total £m
<b>Wholesale charge – wastewater</b>						
Unmeasured – foul charges	30,809	1,287	<b>32,096</b>	29,070	3,026	<b>32,096</b>
Unmeasured – surface water charges	6,396	0,246	<b>6,642</b>	6,016	0,626	<b>6,642</b>
Unmeasured – highway drainage charges	4,627	0,207	<b>4,834</b>	4,378	0,456	<b>4,834</b>
Measured – foul charges	125,796	39,995	<b>165,791</b>	149,732	16,059	<b>165,791</b>
Measured – surface water charges	32,972	6,727	<b>39,699</b>	35,853	3,846	<b>39,699</b>
Measured – highway drainage charges	20,156	5,766	<b>25,922</b>	23,412	2,510	<b>25,922</b>
Third party revenue	–	–	<b>–</b>	–	–	<b>–</b>
<b>Total wholesale wastewater revenue</b>	<b>220,756</b>	<b>54,228</b>	<b>274,984</b>	<b>248,461</b>	<b>26,523</b>	<b>274,984</b>
<b>Wholesale total</b>	<b>406,685</b>	<b>123,640</b>	<b>530,325</b>	<b>270,742</b>	<b>259,583</b>	<b>530,325</b>
<b>Retail revenue</b>						
Unmeasured	6,362	0,002	<b>6,364</b>			
Measured	25,212	0,032	<b>25,244</b>			
Other third party revenue	–	–	<b>–</b>			
<b>Retail total</b>	<b>31,574</b>	<b>0,034</b>	<b>31,608</b>			
<b>Third party revenue – non-price control</b>						
Bulk supplies – water			<b>0,102</b>			
Bulk supplies – wastewater			<b>0,146</b>			
Other third party revenue			<b>0,314</b>			
<b>Principal services – non-price control</b>						
Other appointed revenue			<b>1,984</b>			
<b>Total appointed revenue</b>			<b>564,479</b>			

Third party revenue within the price control reflects income on development planning and third party non-price control revenue, includes mains and sewer diversions, standpipe hire and other rechargeable works. Bulk supplies relate to treated water supplies to the neighbouring water company.

## I Price review and other segmental reporting – SWB continued

**TABLE 2J – Infrastructure network reinforcement costs**

	Network reinforcement capex £m	On site/site specific capex (memo only) £m
<b>Wholesale water network+ (treated water distribution)</b>		
Distribution and trunk mains	0.249	–
Pumping and storage facilities	–	–
Other	–	–
<b>Total</b>	<b>0.249</b>	<b>–</b>
<b>Wholesale wastewater network+ (sewage collection)</b>		
Foul and combined systems	1.956	–
Surface water only systems	0.515	–
Pumping and storage facilities	0.103	–
Other	–	–
<b>Total</b>	<b>2.574</b>	<b>–</b>

In line with RAG4.12, table 2J includes expenditure on the provision or upgrading of network assets to provide for new customers with no net deterioration of existing levels of service. In 2023/24, most of the expenditure was incurred on infrastructure assets.

**TABLE 2K – Infrastructure charges reconciliation**

**For the 12 months ended 31 March 2024**

	Water £m	Wastewater £m	Total £m
<b>Impact of infrastructure charge discounts</b>			
Infrastructure charges	0.513	3.923	<b>4.436</b>
Discounts applied to infrastructure charges	–	–	–
<b>Gross infrastructure charges</b>	<b>0.513</b>	<b>3.923</b>	<b>4.436</b>
<b>Comparison of revenue and costs</b>			
Variance brought forward	6.800	8.787	<b>15.587</b>
Revenue	0.513	3.923	<b>4.436</b>
Costs	(0.249)	(2.574)	<b>(2.823)</b>
<b>Variance carried forward</b>	<b>7.064</b>	<b>10.136</b>	<b>17.200</b>

This table was introduced following the introduction of the new developer services charging regime on 1 April 2018. The new charging regime requires an approximate matching of total relevant developer services income (infrastructure charge receipts as reported in table 2E), since 1 April 2018, with infrastructure network reinforcement expenditure, taking account of both actual income and expenditure and income and expenditure forecast for the following five years.

Infrastructure network reinforcement expenditure is reported in the preceding table, table 2J, and covers capacity enhancements to treated water distribution and sewage collection assets, including some non-infrastructure assets such as service reservoirs and pumping stations.

The over recovery as at 31 March 2024 is attributable to high levels of private housebuilding combined with the timing of investment. Several schemes have been identified for investment over the next regulatory period 2020–25.

**TABLE 2L – Analysis of land sales**

**For the 12 months ended 31 March 2024**

	Water resources £m	Water network+ £m	Wastewater network+ £m	Total £m
Proceeds from disposals of protected land	–	–	–	–

There have been no land sales in this year.

**TABLE 2M – Revenue reconciliation – wholesale**  
**For the 12 months ended 31 March 2024**

	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m	<b>Total £m</b>
<b>Revenue recognised</b>					
Wholesale revenue governed by price control	22,281	233,060	248,461	26,523	<b>530,325</b>
Grants and contributions (price control)	–	7,697	5,421	–	<b>13,118</b>
<b>Total revenue governed by wholesale price control</b>	<b>22,281</b>	<b>240,757</b>	<b>253,882</b>	<b>26,523</b>	<b>543,443</b>
<b>Calculation of the revenue cap</b>					
Allowed wholesale revenue before adjustments (or modified by CMA)	22,536	232,093	257,693	26,387	<b>538,709</b>
Allowed grants and contributions before adjustments (or modified by CMA)	–	8,199	8,143	–	<b>16,342</b>
Revenue adjustment	(1,434)	(13,683)	(21,493)	–	<b>(36,610)</b>
Other adjustments	–	1,280	1,476	–	<b>2,756</b>
<b>Revenue cap</b>	<b>21,102</b>	<b>227,889</b>	<b>245,819</b>	<b>26,387</b>	<b>521,197</b>
<b>Calculation of the revenue imbalance</b>					
Revenue cap	21,102	227,889	245,819	26,387	<b>521,197</b>
Revenue recovered	22,281	240,757	253,882	26,523	<b>543,443</b>
Revenue imbalance	(1,179)	(12,868)	(8,063)	(0,136)	<b>(22,246)</b>

When setting the 2023/24 tariffs an overall consumption reduction was expected due to the ongoing unwind of Covid consumption uplifts and the water restrictions in place in the region.

Household consumption was expected to decrease during the year but due to the prior year drought and water restrictions FY24 saw an overall increase in consumption.

Non-household customers were expected to reduce as prior years had seen significant market recovery following Covid. A reduction was seen but not to the extent expected.

The final outturn for FY24 was a flat consumption position.

Customer numbers (New Connections) were in line with expectations.

Developer Service activity (Grants and Contributions) for Water has increased from prior year and is in line with expectation. For wastewater a significant reduction in Diversions schemes during the year has led to a reduction both against expectation and prior year performance.

## I Price review and other segmental reporting – SWB continued

**TABLE 2N – Residential retail – social tariffs**

**Section A – social tariffs**

	Revenue £m	Number of customers 000s	Average amount per customer £
<b>Number of residential customers on social tariffs</b>			
Residential water only social tariffs		1,987	
Residential wastewater only social tariffs		0,054	
Residential dual service social tariffs		31,632	
<b>Number of residential customers not on social tariffs</b>			
Residential water only no social tariffs		269,949	
Residential wastewater only no social tariffs		4,992	
Residential dual service no social tariffs		702,410	
<b>Social tariff discount</b>			
Average discount per water only social tariffs customer			46,301
Average discount per wastewater only social tariffs customer			74,074
Average discount per dual service social tariffs customer			148,900
<b>Social tariff cross-subsidy – residential customers</b>			
Total customer funded cross-subsidies for water only social tariffs customers	0.092		
Total customer funded cross-subsidies for wastewater only social tariffs customers	0.004		
Total customer funded cross-subsidies for dual service social tariffs customers	4.710		
Average customer funded cross-subsidy per water only social tariffs customer			0,338
Average customer funded cross-subsidy per wastewater only social tariffs customer			0,793
Average customer funded cross-subsidy per dual service social tariffs customer			6,417
<b>Social tariff cross-subsidy – company</b>			
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	–		
Total revenue forgone by company to fund cross-subsidies for wastewater only social tariffs customers	–		
Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers	–		
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer			–
Average revenue forgone by company to fund cross-subsidy per wastewater only social tariffs customer			–
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer			–
<b>Social tariff support – willingness to pay</b>			
Level of support for social tariff customers reflected in business plan			9,370
Maximum contribution to social tariffs supported by customer engagement			9,370

To tackle water poverty in the region significant work has been undertaken to engage with customers and help them to access the most beneficial tariff for their circumstances. Available options include installing a meter on a previously unmeasured property, where this isn't an option an Assessed charge is available. Where further help is still needed Water efficiency initiatives are explored and then Watersure and the Watercare social tariffs are utilised.

The increase in subsidy per unsubsidised customer from £2,897 to £6,417 is due to the increase in customers using the Watercare tariffs and includes the impact of a 3.6% tariff increase and underlying changes in consumption.

## Section B – WaterSure tariffs

	Revenue £m	Number of customers 000s	Average amount per customer £
<b>WaterSure tariffs</b>			
Number of unique customers on WaterSure		20,044	
Total reduction in bills for WaterSure customers	9,089		
Average reduction in bills for WaterSure customers			453,452

Watersure is the national tariff to address customer poverty. It has been set in line with the average measured bill.

The uplift in total bill reduction and average per bill reduction is reflective tariff movements and increased average consumption for this customer group. The average standard rate bill included a +3.6% tariff increase this year whilst the Watersure bill for a dual service customer only increased by +0.9%.

## Section C – other direct bill reduction schemes for household customers struggling to pay

### Other bill reduction schemes

	Target households	Number of unique households helped by scheme 000s	Total amount bills reduced by through scheme £m	Funding source
Freshstart	N/A	0,502	0,298	Customers
Restart	N/A	2,136	1,182	Customers

Both Restart and Freshstart have seen an increase during 2023/24 meaning we are helping more customers who are struggling.

Restart has seen an increase of 44.9% of customers moving onto the scheme during the financial year and a 16% increase in write offs completed. 2023/24 has had the highest number of customers on restart in the last three years.

Freshstart has seen an increase of 60.6% customers receiving a grant with a total amount granted of £297,584 vs. £190,836 2022/23. Though there have been more customers help, we have seen a reduction of the average grant given (£575.60 vs. £586.46 2022/23) which shows we are helping customers sooner before they get into further debt.

## Section D – debt metrics

### Total number of household customers served – active and final accounts

	Water only 000s	Wastewater only 000s	Dual service 000s
Number of household customers served – active accounts	274,495	5,160	74,334
Number of household customers served – final accounts	16,137	0,194	57,523

### Household customers in arrears

	Number of households 000s	Total amount of debt £m
Households in arrears – active accounts with debt repayment arrangements	23,769	22,153
Households in arrears – final accounts with debt repayment arrangements	4,544	4,683
Households in arrears – active accounts without debt repayment arrangements	57,874	73,384
Households in arrears – final accounts without debt repayment arrangements	69,310	42,036
Households not having made any payment for the year – active accounts	42,329	68,468
Households not having made any payment for the year – final accounts	66,172	42,439

### Temporary payment suspension

	Number of households 000s	Total amount deferred £m
Households with temporarily suspended payments – payment break arrangements	0,303	0,600
Households with temporarily suspended payments – breathing space arrangements	0,166	0,211

## I Price review and other segmental reporting – SWB continued

### Household debt collection through third party agents where water company remains creditor

	Number of households 000s	Total value of debt £m
Debt collected by external agents – active accounts	–	–
Debt collected by external agents – final accounts	–	–
Number of Priority Services Register customers passed on to external debt collection agents – active and final accounts	–	–

### Household debt sold to external agencies

	Number of accounts 000s	Total value of debt £m	Total sale value of debt £m
Debt sold to an external agency / third party debt purchaser – active accounts	–	–	–
Debt sold to an external agency / third party debt purchaser – final accounts	–	–	–
Number of Priority Services Register customers with debt sold to an external agency / third party debt purchaser – active and final accounts	–	–	–

### Unpaid household bills referred to courts

	Number of accounts 000s	Total amount involved £m
Number of county court claims	7,369	9,779
Number of county court judgements	7,705	10,614
Number of county court judgement enforcements	3,249	6,499
Number of high court claims	–	–
Number of high court judgements	–	–
Number of high court judgement enforcements	4,552	10,510

This is the first year in which debt metrics have been tracked through the APR process. Though we are on a quarterly basis providing Ofwat with details of metrics through returns for their 'IN 22/04 Paying Fair Request for Information'.

We regularly monitor customer behaviours by reviewing payment methods and net movement of customers on/off Direct Debits by using an enhanced reporting suite.

Customers are not showing any signs of becoming non-payers with our non-payers % continuing to trend downwards.

At the end of the year, customers continue to pay their bills with less customers becoming non-payers compared to April 2020.

There are no trends found where customers are moving away from Direct Debit as their preferred method of payment meaning customers are not looking to stop paying their water bills.

The low percentage of returned Direct Debit payments can be attributed to the fact that we look to ensure to set customers up with realistic and affordable payment plans and so will use instalment plans as an option if a Direct Debit is likely to fail following exploration of issues with the customer on a case-by-case basis.

### Unpaid household bills referred to courts

Charging Orders, 19 Attachments of Earnings and 3,053 High court accounts sent to CES in the year. These are all counted as enforcements that occurred in the reporting year irrespective of when associated court claims were raised.

SWB does not use the High Court to obtain Claims or Judgments. Our Claim and Judgments are issued by the County Court and then sent to the High Court for a Writ of Control. These volumes and values are reported under 2N.49.

Customers sent to court are regularly reviewed and compared to the previous year's performance which is reviewed monthly/quarterly. Figures for 2023/24 are in line with previous year.

## Section E – Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS)

### GSS payments to household customers

	Number of payments 000s	Total amount £m	Number of unique households 000s
Total amount of GSS payments made to household customers		0.371	
Number of GSS payments made to household customers	7,660		
Number of unique household customers receiving GSS payments			4,382

**Number and value of GSS payments to household customers by type**

	Total number of unique payments made to household customers under GSS 000s	Total value of payments made in relation to column 1 000s	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) 000s	"Column 4 Total value of payments made in relation to column 3" 000s
Keeping of appointments	0.781	0.017	–	–
Incidences of low water pressure	0.312	0.008	–	–
Incorrect notice of planned interruptions to supply	0.221	0.005	–	–
Supply not restored	2.832	0.087	–	–
Written account queries and requests to change payment arrangements not actioned on time	0.130	0.003	–	–
Written complaints not responded to within 10 working days	0.008	0.000	–	–
Properties sewer flooded internally	0.059	0.017	–	–
Properties sewer flooded externally	1.159	0.187	–	–
Abatements			0.012	0.001
Boil Water Notices			0.434	0.007
Erroneous summons			0.009	0.001
Interest on money paid in error			0.049	0.014
Measured Bills (not issued within 3 months of end of period)			0.009	0.007
Repeat Burst Mains			0.050	0.001
Working in Street (property blocked without notice)			0.001	–
Bournemouth Water - Meter not read			0.001	–
Failure to provide alternative water			0.001	–
Late Payment Penalties (paid in relation to lines 2N.53 to 2N.60)	2.157	0.048	–	–

The GSS regulations for England require that payments are made to customers when certain failures have occurred:

- DG2 GSS (Low Pressure)
- DG3 GSS (Supply Interruptions)
- DG5 GSS (Sewer Flooding)
- DG7 GSS (Written Complaints)

For the yearly reporting, the following metrics have been reconciled and reported:

- Total amount of GSS payments made to household customers.
- Number of GSS payments made to household customers
- Number of unique household customer receiving GSS payments

South West Water and Bournemouth Water make all penalty payments automatically as standard.

The increase in penalty payments for 2023-24 is due to the Freeze/Thaw penalty payments paid after review of several large events and awarded to customers in May 2023.

## I Price review and other segmental reporting – SWB continued

**TABLE 20 – Historic cost analysis of intangible fixed assets**

	Retail Residential £m	Retail Business £m	Water Resources £m	Water Network+ £m	Wastewater Network+ £m	Bioresources £m	<b>Total £m</b>
<b>Cost</b>							
At 1 April 2023	1,252	0.139	60,659	239,417	0.137	0.036	<b>301,640</b>
Disposals	-	-	-	-	-	-	-
Additions	-	-	-	1,183	1,183	-	<b>2,366</b>
Adjustments	-	-	-	-	-	-	-
Assets adopted at nil cost	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>1,252</b>	<b>0.139</b>	<b>60,659</b>	<b>240,600</b>	<b>1,320</b>	<b>0.036</b>	<b>304,006</b>
<b>Amortisation</b>							
At 1 April 2023	(1,252)	(0.139)	(0.021)	(0.406)	(0.137)	(0.036)	<b>(1,991)</b>
Disposals	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Charge for year	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>(1,252)</b>	<b>(0.139)</b>	<b>(0.021)</b>	<b>(0.406)</b>	<b>(0.137)</b>	<b>(0.036)</b>	<b>(1,991)</b>
<b>Net book amount at 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>60,638</b>	<b>240,194</b>	<b>1,183</b>	<b>-</b>	<b>302,015</b>
<b>Net book amount at 1 April 2023</b>	<b>-</b>	<b>-</b>	<b>60,638</b>	<b>239,011</b>	<b>-</b>	<b>-</b>	<b>299,649</b>
<b>Amortisation for year</b>							
Principal services	-	-	-	-	-	-	-
Third party services	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The brought forward NBV of intangible assets relates to Goodwill on the acquisition of Bournemouth Water and Bristol Water.

As a result of the statutory transfer of materially all of the trade and assets of Bristol Water plc to South West Water Ltd, SWW recognised Goodwill of £248.322m in intangible fixed assets as an addition. The Goodwill recognised has been apportioned across price controls based on the RCV for Bristol Water determined a FD at 31 March 2023. Goodwill is reviewed for impairment on an annual basis. There was no impairment in the year.

South West Water is in the process of replacing its Customer Experience Platform (CEP). This project commenced in the year but was incomplete at the year-end, so has not yet started to be amortised. Expenditure in the year was £2.366m.



# Performance summary – SWB



**TABLE 3A – Outcome performance – Water common performance commitments**

	Performance level		Outperformance or underperformance payment £m	See page	
	Unit	Actual			PCL met?
<b>Financial</b>					
Water quality compliance (CRI)	nr	3.02	No	(0.377)	134
Water supply interruptions	hh:mm:ss	00:09:18	No	(1.804)	134
Leakage	%	13.8	Yes	0.666	135
Per capita consumption	%	(1.3)	No	-	136
Mains repairs	nr	134.6	Yes	0.012	136
Unplanned outage	%	1.15	Yes	-	136
<b>Total</b>				<b>(1.503)</b>	
<b>Bespoke PCs – Water and Retail (Financial)</b>					
Taste, smell and colour contacts	nr	166	No	(0.123)	137
Water restrictions placed on customers	nr	1	No	-	137
Resilience in the round – water	nr	945	No	(0.590)	138
Operational contacts resolved first time – water	%	95.2	Yes	0.005	138
Number of pollution incidents cat 1-3 (water only)	nr	29	No	(1.798)	138
Biodiversity – Enhancement	Ha	126,733	Yes	-	138
Abstraction incentive mechanism	nr	N/A	Yes	-	139
Efficient delivery of the new Knapp Mill WTW	text	N/A	Yes	-	139
Efficient delivery of the new Alderney WTW	text	N/A	Yes	-	139
Resilient water and wastewater services on the Isles of Scilly	text	Maintained	Yes	-	139
<b>Total</b>				<b>(2.505)</b>	

A summary of penalties and rewards reflected in the period and those recognised at the end of the period is shown below. South West Water remains on track to deliver the majority of its 2025 targets and is focused on delivering improvements for customers and the environment. In respect of end of period measures we are forecasting 2024/25 three-year average PCC performance of a 2.4% increase on the baseline (as a result of the ongoing Covid-19 impacts), and for biodiversity enhancement a position of 137,000. For each of water restrictions, efficient delivery of Knapp Mill WTW and Alderney WTW we forecast a position of '0' achieving or exceeding these targets.

We can confirm that we are compliant with all components of the reporting guidelines for all of the common performance commitments with RAG compliance checklists with the exceptions described in the unplanned outage commentary.

## Summary of penalties and rewards to be reflected in the period and to be recognised at the end of the period

	In Period (-/+)	End of Period (-/+)	<b>Total</b>
<b>3A</b>	(4.008)	-	<b>(4.008)</b>
Per capita consumption		(2.566)	<b>(2.566)</b>
Water restrictions placed on customers	-	(0.176)	<b>(0.176)</b>
Biodiversity – Enhancement	-	5.400	<b>5.400</b>
<b>3B</b>	(12.635)	-	<b>(12.635)</b>
Bathing Water	-	1.104	<b>1.104</b>
<b>3C</b>	(0.938)	-	<b>(0.938)</b>
<b>3D</b>	0.179	-	<b>0.179</b>
<b>Total</b>	(17.402)	3.762	<b>(13.640)</b>

**Key\***



Availability



Clean water



Wastewater



Customer



Service



Environment



Resilience



Community



Areas of focus



Marginal performance



On track



Outperformance



Area of excellence

\* Calendar year incentive.

## I Performance summary – SWB continued

### 3A.1 – Compliance risk index (CRI)

The compliance risk index (CRI) is a water quality performance metric defined by the Drinking Water Inspectorate to illustrate the risk of treated water compliance failures. CRI is reported for each calendar year.

Our CRI score of 3.02 is slightly higher than last year but is again likely to be better than the industry average. We continue to make progress through our 'Quality First' programme with investment at our Water Treatment Works.

Of the CRI score, in terms of root cause, 1,753 related to network condition 1,192 related to tank ingress and the remaining 0,076 related to domestic plumbing. The score relating to tank ingress had fallen from the prior year with targeted action plans including tank cleaning. However, the level of network condition score is significantly higher than in previous years of the regulatory period and has been significantly influenced by the suspension of some network flushing during drought conditions, which were lifted in early 2024, as well as the impact of network burst events.

As network flushing has been able to return to normal, we therefore generally expect a return to more normal levels of quality issues concerned with network condition, however we are targeting further improvement including through further risk assessments to identify high risk compliance failure zones being developed in partnership with Sheffield University. However 2024 performance will be impacted by the significant event in the Brixham area where a boil water notice was issued in May.

We have major improvement investments at six sites: Alderney (Dorset), Knapp Mill (Hampshire), St Cleer, Restormel and Stithians (Cornwall), and Littlehempston (Devon).

Work is also progressing on improving water quality on the Isles of Scilly. In line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document, the Isles of Scilly has been excluded from this commitment, and data provided from the DWI regarding our CRI score received does not include the Isles of Scilly.

### 3A.2 Supply Interruptions

We know our customers rely on a continuous supply of high-quality drinking water. The importance of 'always on' supplies, maintaining both public health and customer confidence is one of our key priorities.

A combination of significant trunk main burst events and the impacts of extremes of weather unfortunately meant that we missed our target of 5 minutes 23 seconds (for interruptions of 3 hours or longer). We know we need to continue to focus on resilience to significant events of this nature. Where significant events have occurred, alternative supplies were provided to affected customers throughout the lifecycle of these events and our Alternative Water Supplies (AWS) fleet have been extensively deployed to mitigate impacts as far as practicable.

This commitment is included in our action plan.

In accordance with Ofwat's "IN 23/03 Expectations for monopoly company annual reporting 2022/23, we can confirm our supply interruptions data includes interruptions that are greater than or equal to three hours in duration for the current reporting period and the previous three reporting years.

3.02



Water quality compliance (CRI)  
Number



00:09:18



Water supply interruptions  
hh:mm:ss



### 3A.3 Leakage

This measure is the percentage reduction of three year average leakage from the 2017-20 baseline and therefore the current year metric compares the 2021-24 period to that 2017-20 period.

Most companies saw an increase in annual leakage in 2022/23 reporting higher levels of bursts resulting from a hot, dry summer and the winter freeze-thaw in that year. South West Water’s leakage position has achieved the target for the year of a 12.0% reduction from the baseline on the three-year average basis. However, leakage remains challenging and subject to variation annually, partly in line with seasonal conditions. The 15.0% reduction target for the 2024/25 period remains stretching, however in line with performance to date we believe this is achievable.

#### Leakage and per capita consumption reporting

Following a section 203 notice issued by Ofwat in respect of leakage and per capita consumption issued in May 2023, South West Water has thoroughly and diligently completed investigations into the areas highlighted and fully engaged with the process.

Pennon Group Internal Audit, the South West Water Compliance team and a number of third-party experts and technical auditors have been involved in the review, reporting through to the South West Water Board.

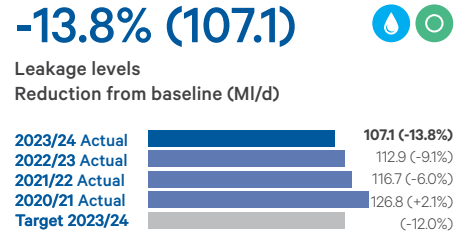
No systematic issues were identified, however, given the nature of the findings they could be defined as a non-systemic or minor contraventions of Licence condition P.

We are addressing several findings, with many actions such as the roll out of additional meters, distribution input audit and water balance review, more detail analysis and systemisation already underway and progressing.

South West Water is proposing specified outputs which it views as appropriate for securing, facilitating and maintaining compliance with Licence condition P.

South West Water is also seeking to ensure costs relating to programmes to increase the accuracy of consumption estimation and calibration and maintenance of metering assets are not borne by customers.

See further on page 71.



## I Performance summary – SWB continued

### 3A.4 Per capita consumption (PCC)

The per capita consumption (PCC) metric also operates on a three-year rolling average compared to the 2017-20 baseline.

PCC is for households only and has been impacted by the higher working from home levels since COVID-19 emerged than was present in the baseline. For 2023/24 we have seen a higher level of per capita consumption than in the previous year, and this is in part due to the unwinding of restrictions following temporary use bans in line with the drought conditions experienced.

We continue to promote water efficiency and free water saving devices through the SaveWaterSaveMoney website

South West Water has again engaged with an external contractor, Quod, to better understand and measure the impact of non-resident population on company PCC. This analysis uses mobile phone tracing to quantify non-resident population staying in the South West region which is particularly important and relevant to the South West where tourism is such a critical part of our economy compared to other regions of the UK.

### 3A.5 Mains Repairs

Decreasing the number of mains failures is vital as it benefits our customers through fewer supply interruptions as well as reducing the necessity for repairs, which have the potential to be locally disruptive. For 2023/24, we have achieved our target with performance of 2,502 repairs, or 134.6 mains repairs per 1,000km of our mains network.

Performance across the first nine months of the year was particularly good, however January – March 2024 saw a spike in repairs following the cold weather spell and freeze/thaw. Although we expect a winter increase in mains repairs, in the past two years we have seen increases considerably in excess of the long-term average. We were therefore pleased to still achieve our target.

We continue to invest in and optimise operability and control of our network by implementing pressure management and a 'calm network' strategy. Our leading-edge Network Training Centre plays a vital part in this strategy, teams from across the business and supply chain have attended bespoke calm valving training events. The sessions focus on calm operation of network valving (manual and automated) and the benefit that has on reducing stress on the distribution network.

We continue with a targeted mains replacement programme, focussing on those mains with higher failure rates which also has overlap benefits for supply interruptions. More than a third of our repairs (883 of 2,502) were proactive repairs.

We will continue with our package of continuous improvement and investment initiatives and are confident they will deliver benefits that will continue to underpin our performance in this area.

### 3A.6 Unplanned Outage

Water treatment unplanned outage is a means of assessing asset health (primarily for non-infrastructure – above ground assets) relating to water abstraction and water treatment activities. It tracks the temporary loss of production capacity across our 42 water treatment works, resulting from unplanned breakdowns and asset failure. Our performance in 2023/24 has remained strong, well within target and compares well with the rest of the industry, albeit an increase on the previous year.

A third of outages recorded (both in terms of number and size) were associated with slow sand filters at the Alderney and Knapp Mill Water Treatment Works in the Bournemouth Water area. Both these works have significant upgrades being delivered as part of the AMP7 programme, which will see a change in the operation of the slow sand filters, with a new membrane barrier, advanced oxidation, and granular activated carbon (GAC) stages added downstream of the filters.

The slow sand filters at Alderney and Knapp Mill also accounted for 80% of the planned outages as slow sand filters are taken out of action on rotation to be cleaned.

Other notable unplanned outages occurred at Horedown and Bratton Fleming Water Treatment Works in Devon relating to compounds linked to algae in rivers and lakes, which appears to be becoming more prevalent in raw water sources. Additional GAC treatment was installed and commissioned at Horedown during the year, allowing the works to be brought back online. Similarly, a treatment upgrade is planned for Bratton Fleming, which will improve supply resilience there.

Further unplanned outages were resolved through refurbishment of filters.

Wherever possible telemetry data is used to confirm the start and end times of outages. Where this is not possible, site diaries and logs or specific reports are used. During the forthcoming year a refresher is being briefed to Treatment Operatives on reporting of unplanned outage.

Our overall positive performance is founded on effective investment and maintenance regimes to ensure that unplanned failures are minimised. This in turn minimises the risk of any production outages resulting in service impacts for our customers.


We have continued our site-based 'MOT' programme, which targets our water treatment works on a prioritised basis assessing asset performance and identifying potential risks to water quality. Identified issues are then addressed in the delivery phase or considered as part of the wider planned investment programme. The impact of drought on our region continued in the first half of the year and has meant that we have been particularly focused on maintaining availability of our assets to ensure operational flexibility across our network.

Our performance for 2023/24 was an unplanned outage figure of 1.15%, achieving a significantly better performance than our target of 2.34%.

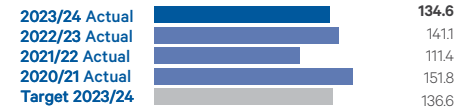
**147.9 (-1.3%)**  

Per capita consumption  
Reduction from baseline (Litres/person/day)



**134.6**  

Mains repairs  
Number per 1,000km mains



**1.15**  

Unplanned outage  
%



### 3A.7 Taste, smell and colour contacts

The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the taste, smell and colour of their tap water. The consumer contact rate for taste, smell and colour contacts deteriorated slightly to 1.66 in 2023, which results in missing our performance target of 1.41 this year, following achieving this target in each of the three previous years of the regulatory period and seven consecutive years of improving performance.

This measure is a calendar year measure and 2023 performance was impacted by the drought conditions which were in place for much of the year following the exceptionally dry 2022. We were unable to perform our normal levels of flushing activities due to these conditions and as a result there was an uplift in discoloured water complaints. Flushing is our primary control measure for reducing the accumulation of iron and manganese sediment in the network and this sediment can cause discoloured water. Restrictions were lifted in Autumn 2023, from when we have been able to significantly increase our flushing activities back to more normal levels and are expecting improved performance in this area in 2024.

Our general trend of improving performance, which we forecast to return to in 2024 has been achieved in part through the delivery of a number of quality schemes, including schemes to deliver improved treatment to remove dissolved metals, being delivered in the 2020-25 period, which will give benefits in taste, smell and colour performance. The significant schemes in this respect are at Littlehempston Water Treatment Works in Devon, St Clear and Restormel Water Treatment Works in Cornwall and Alderney Water Treatment Works in Dorset. We have proposed a number of further water quality schemes at several water treatment works, which will further improve in particular discolouration performance.

Longer term measures to improve discolouration are also agreed with enhancement schemes to deliver improved treatment to remove dissolved metals. During the 2020-25 period, three improvement schemes are being delivered to mitigate the risk of dissolved metals. Further schemes are being considered for 2025-30.

Taste and smell contacts are also often caused by internal plumbing issues or by the presence of compounds associated with the growth of algae in our reservoirs. We are experiencing ever an increasing challenge from algae because of climate change. To mitigate the risk of taste and smell we have been investing in improved treatment with activated carbon to remove problem compounds. Three new activated carbon schemes are being delivered this regulatory period and a further schemes are being considered for our 2025-30 business plan.

This metric is calculated using the number of contacts and the resident population as reported to the Drinking Water Inspectorate (DWI). This population varies slightly from table 4R due to timing of measurement (calendar year) and due to this metric not including the Isles of Scilly for the 2020-25 period.

Taste, smell and colour contacts relating to the Isles of Scilly are not included, in line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document. Data provided from the DWI regarding our taste, smell and colour contacts received does not include the Isles of Scilly.

### 3A.8 Water restrictions placed on customers

On 23 August 2022, South West Water introduced the first 'temporary use ban' in the South West Water area in more than 25 years. Restrictions were introduced for households in the Colliford Water Resource Zone and Upper Tamar area and prohibited the use of a hosepipe, including sprinklers, dripper hoses, automatic irrigation systems and similar devices, in most circumstances. On 25 April 2023, similar restrictions were introduced to our Roadford supply area covering further parts of East Cornwall and, West and Mid-Devon.

The restrictions followed some of the hottest, driest weather on record resulting in severe pressure upon water resources across our region and our duty to protect them.

Since the Covid-19 pandemic impacted the UK in 2020, our region has seen increased demand for water, especially in the Summer months, with an increase in tourists, staycations and occupancy of 'second homes.'

In 2022, this increase in demand was accompanied by drought conditions. Rainfall levels were substantially lower than normal for a sustained period of time. At its lowest point in October 2022, the Colliford reservoir was only just under 15% full. These levels had not been experienced since the reservoir was first filled 40 years ago. By April 2023, following lower than average levels of rainfall throughout the 2022/23 winter period, Roadford's capacity was 27% lower than at the same time in 2022.

All restrictions were lifted on 25 September 2023. This followed significant investment and intervention as well as customer actions and more favourable weather. Indeed by April 2024, we have now achieved strategic reservoir levels at 100% of our capacity.

Teams across South West Water and our supply chain have worked at pace to open two reservoirs in two years, being at Blackpool Pit near St Austell this year and at Hawks Tor (a former clay pit on Bodmin Moor) last year. We've also increased treatment capacity at Rialton, alongside pump recharge schemes. Our two-phase desalination scheme for Cornwall is on track which will provide further resilience into the longer term.

Our customers overwhelmingly responded to our messaging and acted responsibly, reducing their use of water and we are thankful for this significant contribution to ensure restrictions lasted no longer than they needed to.

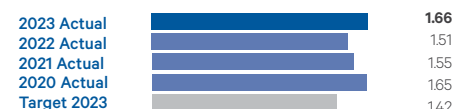
Although under the definition of this metric, this represents one restriction in 2022/23 during a discrete (albeit prolonged) drought event, we recognise the impact of the restriction has upon customers. We considered the impact upon customers when introducing restrictions, as well as the risk of further more stringent restrictions if we were not cautious enough. Thanks to the significant effort to get to the position we are now in, we are satisfied that we will not need to introduce restrictions in 2024.

1.66



#### Taste, smell and colour contacts\*

Number



1



#### Water restrictions placed on customers

Number



## I Performance summary – SWB continued

### 3A.9 Resilience in the round – water

This measure reports the number of properties affected by unplanned interruptions to supply of greater than 12 hours. In 2023/24, 945 properties were affected by an unplanned supply interruption greater than 12 hours.

This number was higher than our performance commitment of 552 properties although significantly improved from the previous two years.

Overall, performance in this area continues to be positively impacted by South West Water’s proactive response and recovery strategy. When we become aware that supplies may be affected, rapid mobilisation of alternative temporary water supply measures is initiated, this is inclusive of both internal and supply chain resources. Without this response, the property count affected here would be considerably higher.

An action plan initiated in 2022/23 to address performance was introduced. Whilst the performance commitment was not met, this did contribute to the improvement in performance.

### 3A.10 Operational contacts resolved first time – water

We are pleased to report that we have again met the 95% committed performance level for 2023/24 with 95.2% achieved for drinking water contacts.

This measure now includes data from all channels, including webchat and social media, which is regarded as being most reflective of a holistic resolved first time measure, being aligned to the all channels definition for complaints outlines by CCWater. However, it should be noted that this could potentially have a positive effect on the measure increasing both initial and managed process contacts, or a negative effect by increasing the number of repeat/chase contacts.

Performance during the year is broadly consistent with previous years, however, the volume of contacts has fluctuated through the year, driven by periods of a Temporary Use Ban, which drove some increase in the level of engagement.

Our aim is to prevent issues happening however, where things do go wrong, our focus remains the speedy attendance and resolution of all queries or problems with emphasis on excellent customer experience. This can be measured through our continuing achievement of this measure.

### 3A.11 Number of pollution incidents cat 1-3 (water only)

The number of pollution incidents arising from our drinking water assets was 29 which was unfortunately significantly adverse to our target of zero. The incidents were predominantly due to short duration escapes of potable water from burst mains across our water distribution network. The majority saw sediment mobilised when a pipe burst, which caused discolouration to a receiving watercourse.

Our culture and training programmes and re-briefed internal and supply chain staff on our pollution management and reporting processes – and the majority of these incidents are self-reported by South West Water reflecting this culture and training. We have also worked with our supply chain partners to increase audit activity across network repair activities. This will provide further scrutiny and confidence that best practice in managing events is always followed.

Incidents relating to the Isles of Scilly are not included, in line with the guidance in the ‘PR19 final determinations: South West Water – Outcome performance commitment appendix’ document.

### 3A.12 Biodiversity – Enhancement

Catchment management protects and improves river quality and critical water abstraction sources to provide clean, safe drinking water without the need to provide additional infrastructure. It is supported by our customers as part of our commitment to protect and enhance the environment in the catchments in which we operate.

This performance commitment is designed to incentivise an increase in land under active improved catchment management as part of the ‘Upstream Thinking’ and the more recent ‘Green Recovery’ project interventions. This measure is cumulative commencing in 2015/16.

A further 15,218 hectares of land were incorporated into the programme during 2023/24, taking the cumulative total of 126,733 hectares. We are delighted to have already met our committed performance level for 2025 in respect of our original Upstream Thinking programme and are on track to deliver our Green Recovery commitments. We will continue in 2024/25 to increase our activities in this area, which will place us in a positive position ahead of the 2025-30 regulatory period and the activities we are planning for biodiversity in our new business plan.

Please note the cumulative position reported in 2022/23 and 2023/24 includes 316 hectares of land entering active catchment management in 2021/22 which were included in our Green Recovery Annual Report, but omitted from the 3A.12 cumulative total in 2021/22 in error. Given the comparatively small nature of this adjustment, and no impact on achievement of target or any financial reward/penalty, we have not proposed a retrospective adjustment.

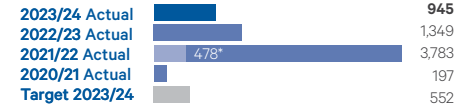
945



#### Resilience in the round – water

Number

\*478 (excl. 3<sup>rd</sup> party incident)

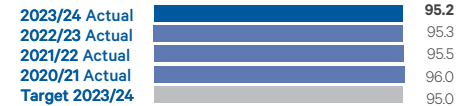


95.2



#### Operational contacts resolved first time – Water

%



29



#### Number of pollution incidents

Category 1-3 (water only)\*

Number

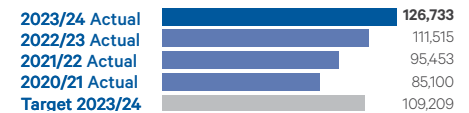


126,733



#### Biodiversity – Enhancement

Hectares



### 3A.13 Abstraction incentive mechanism

The East Devon groundwater sources are important for supply in this area. As such, we included an Abstraction Incentive Mechanism, or AIM, for a key groundwater sources in East Devon for the 2020-25 regulatory period. The purpose of the AIM is to promote the switch of water resource mix if groundwater levels are low. Groundwater levels in the "Woodbury Common No. 2" borehole were such that the AIM scheme was not triggered this year.

Specifically, the trigger level for the 2020-25 was set at 99.8 meters above ordnance datum (mAOD) below which the scheme is triggered. At 1 April 2023, the water level at the borehole was 100.7mAOD. Indeed this scheme has also not been triggered for 2024/25, with the trigger borehole having 102.5mAOD at 1 April 2024.

We continue to operate these resources in such a way to minimise the associated abstraction in line with the AIM process. In locations either to fill or restore existing hedgerows, unite discrete sections to form a continuous linear habitat, or create new stretches of hedgerows to replace habitat that had existed in the past.

There has been activity to mitigate degradation due to capital delivery projects and the impact of invasive plant species. These include planting to offset tree removal due to ash dieback works, and removal of Himalayan balsam.

Other work has taken the form of strategic planning in terms of invasive species and a proactive programme of habitat maintenance, including a review of grass mowing requirements to balance the need for reservoir safety with the desire to promote grass and flower species diversity at certain sites. Going forward, we are planning in line with the long term delivery of the Government's 25 year Environmental Plan.

### 3A.14 Efficient delivery of the new Knapp Mill WTW

The works upgrade is proceeding on track for meeting the water into supply in line with our ODI commitment. During the year, further design and piloting has been completed to reduce power demand and chemical consumption of the proposed scheme, as well as optimising the scope.

We have also been working closely with the local council to secure planning permission. This process remains ongoing, and should it be prolonged may impact the final completion date. We will review our programme when planning permission is obtained.

This scheme is also part of our Green Recovery and further details can be found in the Green Recovery Annual Report published at [southwestwater.co.uk/report2024](https://southwestwater.co.uk/report2024).

### 3A.15 Efficient delivery of the new Alderney WTW

We are significantly upgrading the water treatment works at Alderney near Bournemouth. This measure tracks our performance against our delivery plans for the upgraded water treatment works to be putting water into supply by 31 March 2025 and we remain on track to do this.

The works upgrade is proceeding on programme for meeting the water into supply ODI commitment of March 2025. Following site clearance and enabling works in the previous year, during 2023/24 we moved into the construction phase of the project.

The construction will be a combined "turn key" work package that will include the ceramic membranes, Ozone generation plant and chemical dosing equipment for the Alderney project. This essential element of the development will be entirely fabricated in RSE's workshop in Scotland, including the building in which it is housed. It will arrive on site in segments and be assembled on a pre formed concrete base on site. This approach will reduce Health and Safety risk, reduce programme risk as the impact of adverse weather is greatly reduced, improve quality and minimise time on site.

### 3A.16 Resilient water and wastewater services on the Isles of Scilly

Services for both customers and visitors to the islands. Investments continue to be focused on delivery of improved automation and control of key assets, water sampling to inform future treatment options, water resource modelling and ongoing investigations into robust wastewater treatment on the island of St Marys.

Our strategy of local recruitment continues to underpin an operational delivery team that are invested in delivering top-quality services for the communities in which they live and work. In addition, our laboratory on St Mary's has gained UKAS accreditation meaning we can undertake a range of water quality microbiological analysis 'on-island' without the need to transport samples back to the mainland. This not only improves resilience but is key to ensuring water quality analysis is undertaken in the timeliest manner, avoiding delays linked to adverse weather.

To date all regulatory deadlines agreed with the DWI and the Environment Agency have been met, work now continues at pace to move to the next stage of the programme which aims to deliver significantly improved water treatment to all islands by 2025.

South West Water continues to work with all stakeholders across the islands to ensure that delivery of the next phase of the programme is carried out in a considerate and collaborative manner.

N/A



#### Abstraction Incentive Mechanism (AIM)

Score

2023/24 Actual	N/A
2022/23 Actual	N/A
2021/22 Actual	N/A
2020/21 Actual	N/A
Target 2023/24	365

Zero (on track)



#### Efficient delivery of the new Knapp Mill WTW

2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2023/24	0

Zero (on track)



#### Efficient delivery of the new Alderney WTW

2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2023/24	0

Appointed



#### Resilient water and wastewater services on the Isles of Scilly

2023/24 Actual	Appointed
2022/23 Actual	Appointed
2021/22 Actual	Appointed
2020/21 Actual	Appointed
Target 2023/24	Appointed

## I Performance summary – SWB continued

**TABLE 3B – Outcome performance – Wastewater common performance commitments**

	Unit	Performance level Actual	PCL met?	Outperformance or underperformance payment £m	See page
<b>Common PCs – Wastewater (Financial)</b>					
Internal sewer flooding	number of internal sewer flooding incidents per 10,000 sewer connection	0.74	Yes	2.675	141
Pollution incidents	Pollution incidents per 10,000 km of sewer length	111.24	No	(10.217)	141
Sewer collapses	number of sewer collapses per 1,000 km of all sewers	13.67	Yes	0.044	142
Treatment works compliance	%	96.20	No	(1.022)	142
<b>Total</b>				<b>(8.520)</b>	
<b>Bespoke PCs – Wastewater (Financial)</b>					
External sewer flooding incidents	nr	1,578	No	(2.900)	142
Sewer blockages	nr	6,448	Yes	0.312	142
Odour contacts from wastewater treatment works	nr	159	Yes	0.205	143
Descriptive compliance	%	99.7	No	-	143
Compliance with sludge standard	%	99.77	No	(0.014)	143
Resilience in the round – wastewater	nr	223	Yes	0.280	143
Operational contacts resolved first time – wastewater	%	95.1	Yes	0.001	144
EPA	nr	2	No	(2.000)	144
Bathing water quality	nr	2	Yes	-	144
<b>Total</b>				<b>(4.115)</b>	

A summary of penalties and rewards reflected in the period and those recognised at the end of the period is shown on page 133. Forecasts for the remaining years have not been included, however South West Water remains on track to deliver the majority of its 2025 targets and is focused on implementing improvements for customers and the environment. For the end of period bathing water quality metric, we are forecasting a position of '4' for 2024/25.

We can confirm that we are compliant with all components of the reporting guidelines for all of the wastewater common performance commitments with R/A/G compliance checklists.



### 3B.1 Internal sewer flooding

We understand how distressing sewer flooding can be and that how we react when these situations occur is a good indicator of the commitment of care to our customers. Accordingly, we enhanced our response during the year by providing customers with a named SWW contact within our Customer team who will provide liaison and support. Alongside this, we also need to demonstrate our ongoing commitment to reduce the risk of internal sewer floodings.

During 2023/24 the number of internal sewer flooding cases increased slightly following a trend of decreases in previous years of the AMP with a total of 59 internal sewer flooding events (or 0.74 per 10,000 sewer connections). This is a significant outperformance against target and again places us as one of the best performers in the industry on this measure. However, this is also a slight increase in the metric from our 2022/23 performance, resulting from a small increase in the number of overloaded sewers following heavy rainfall. We have outperformed this target in each of the four years of the regulatory period and are one of the best performers in the industry for this measure.

Improvements being made to the network including surface water separation in some areas, saline/groundwater infiltration removal and the replacement of rising mains will have multiple benefits including reducing the risk of sewer flooding.

In addition to engineered improvements, an enhanced planned cleansing programme has been implemented with debris being removed from sewers, storm overflows and wet wells. This has reduced the risk of blockages forming and maximised the hydraulic capacity of our wastewater network.

Six additional CCTV 'crawler units' have been in use for over 18 months by our network operational teams for use in respect of investigating potential blockages, sewer flooding and pollution. They are able to investigate further into pipes and investigate wider pipe diameters than CCTV options which were previously available. This has enabled our inhouse teams to perform more CCTV investigations, with an immediate response, with fewer jobs needing to be passed to an outside contractor. It has enabled us to identify issues more quickly and prevent escalation of issues and prevent repeat flooding incidents.

We have also worked with an external expert contractor to help improve the compliance of commercial premises who dispose fat, oil and grease into our sewers. This is performed through engagement, education and enforcement programmes. 900 food establishments have been proactively visited across ten hotspot areas within the region in urbanised areas, where we see most sewer flooding incidents occurring. This programme went live in 2023, and we have seen a fall in fat, oil and grease related blockages and therefore internal sewer flooding in 2023/24.

58 of the 59 internal sewer flooding incidents were proactively identified by a customer, with one reactively identified by our network operational teams while carrying our routine checks ant neighbouring properties following a blockage/flooding incident.

South West Water is an active participant in all forms of collaborative working and sharing of best practice across the issues faced by the water and wastewater sector. This participation cuts across involvement with cross-company best practice workshop sessions, industry working groups/task and finish groups, innovation projects, Water UK networks/research projects, conferences and other forums.

South West Water has been a participant member of the Water UK led industry-wide best practice workshops on sewage in homes (an initiative to share best practice and reduce the number of internal and external sewer floodings). The initiative was driven by the CEO's of the respective companies jointly committing to work together to reduce cases of sewer flooding. Following this, South West Water and other companies have come together and shared details of the work they've been doing to reduce sewer floodings.

We are also an active member of the Sewer Network Abuse Partnership (SNAP) and the Network Protective Forum (NPF) groups which represent all water utilities across the UK – attending meetings and other face to face events on a quarterly basis. The focus of these groups is on reducing sewer misuse, sharing knowledge on activities and experience to reduce misuse that leads to blockages, sewer floodings and pollutions.

### 3B.2 Pollution incidents

Our pollutions performance, in particular with respect to category 3 wastewater pollution incidents remains our most challenging area. 2023 was the fifth wettest year on record and saw an increased number of storms. This contributed to operational conditions which were particularly challenging with exceptionally high groundwater levels and the sheer scale of the rainfall resulting in less time to respond to issues that arise at our wastewater treatment works and pumping stations.

Our calendar year performance for 2023, has seen significantly more category 3 pollutions than our target (although more serious pollution incidents in categories 1 and 2 have remained stable). The challenging operational conditions have carried on into the start of the 2024 calendar year and our pollution incident performance for 2024 will also miss our target. The conditions have meant the benefits of our Pollution Incidents Reduction Plan (PIRP) will not be realised until 2025.

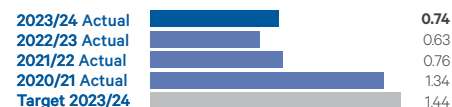
Incidents relating to the Isles of Scilly are not included, in line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document.

We know there is more to do and we continue to target a step change in performance.

0.74



Internal sewer flooding incidents  
Incidents per 10,000 sewer connections



111.24



Number of pollution incidents  
Category 1-3 (wastewater only)\*  
No. / 10, 000km sewer



## I Performance summary – SWB continued

### 3B.3 Sewer collapses

This measure reflects impacts to our customers as well as being a lead indicator of asset health. We have outperformed this metric throughout the regulatory period to date and continued to do so in 2023/24.

Our performance is 13.67 cases per 1,000km of sewer network against a target of 14.76. There has however been an increase in levels of collapses from 2022/23 reflecting an increase in proactive sewer replacements as part of our pollution and storm overflow programme. As part of a multi-faceted approach, fast tracking repairs and reducing the number of those outstanding has been a key initiative. Partial collapses form part our repair work. Those are the repairs that need fixing but historically have been managed with mitigation measures according to risk and priority. With have prioritised more of those for repairs in 2023/24.

As with some of the other wastewater metrics, the exceptionally high level of rainfall puts significant pressure on our assets, which increases the risk of collapses. During wet weather deterioration accelerates with increasing liquid volume flowing through our pipes.

We have increased resources in this area and have reviewed ways of working within our operational teams and are confident in reducing risk on our network.

As described in table 7C, South West Water has updated its 'Length of formerly private sewers and lateral drains (s105A sewers)' in line with an improved analysis and detailed third-party expert review. This increase is not reflected in the numerator for this metric and the denominator used for this metric uses the estimate for length of s105A sewers in place at the start of this regulatory period.

### 3B.4 Treatment works compliance (numeric permitted sites)

South West Water's wastewater treatment works have permitted discharges governed by either numeric or descriptive conditions. Numeric permits place measurable conditions on the final effluent discharged to the environment and measure compliance with these conditions. Our performance of 96.20% was below the target for this year, following our best ever score of 99.40% in 2022/23.

We experienced some challenges at individual sites over the summer of 2023/24, however we took immediate action to contain issues with activities including reedbed surveys and remediation, enhanced targeted maintenance and enhanced monitoring and review of Critical Asset Plans.

We have enhanced our action plans across our treatment works, including regular reviews with the Environment Agency taking place. We are focused on delivering our 2024 target, with no wastewater failures in the first four months of the year.

Numeric compliance is one of the areas where we provide a detailed action plan as part of our Service Delivery Plan (see page 13 for more details).

### 3B.5 External sewer flooding incidents

Despite the very high level of rainfall experienced in the winter the total number of external sewer flooding incidents has reduced by 13% compared to the prior year. Although we have missed the target for this metric (performance of 1,578 incidents with a target of 1,260), a clear focus on avoiding repeat flooding incidents with an increase of planned cleansing and routine jetting, is having a positive impact.

We enacted will be actioning an improvement plan specifically targeted to reduce external sewer floodings including increased proactive cleansing on the network and continuing the rollout of sewer depth meters. On page 141 we have summarised the measures we have taken which are targeted at both general wastewater network performance as well as specifically aimed at sewer flooding incidents.

### 3B.6 Sewer blockages

We are proud to report that 2023/24 was our best-ever performance on blockages and our performance of 6,448 met our target of 6,760 blockages.

Proactive management of our network, including enhanced cleansing removing debris from sewers, an increase in the number of repairs as well as sewer overflow inspections being completed. In addition, a focus on improving compliance of commercial premises who dispose fat, oil and grease into our sewers, as well as other operational change initiatives, have all contributed to this.

An improvement plan specifically targeted to reduce blockages was enacted as we know that these are a lead indicator for flooding and pollutions from our sewer network. We have already increased our activities on reducing sewer misuse by expanding our resource focused on commercial customer compliance (reducing the amount of fat, oils and grease disposed of into the sewer network). We are visiting more commercial premises and providing educational and compliance advice on how people can protect the sewer network from the build-up of deposits that cause blockages, floodings and pollutions. We have also continued with the wider promotional and educational campaigns to all customers around inappropriate products (wet wipes, rags etc.) being disposed of in the sewer network.

13.67



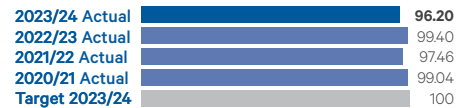
Sewer collapses  
Collapses per 1,000km sewers



96.20



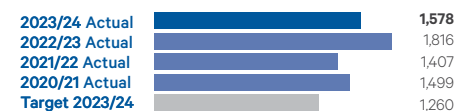
Treatment works compliance (numeric)\*  
%



1,578



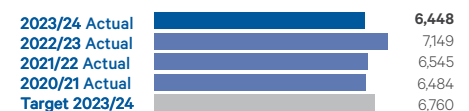
External sewer flooding incidents  
Number



6,448



Sewer blockages  
Number



### 3B.7 Odour contacts from wastewater treatment works

There were 159 reportable odour contacts for 2023/24 compared to the target of 200. Indeed throughout the regulatory reporting period from 2020, so far we have consistently outperformed our targets in this area.

Multiple actions have been completed including installation of our odour control equipment, enclosure of specific equipment at known risk locations and changes to site management processes to reduce the production of odour at source.

A review of odour management plans at several wastewater treatment works, aligned with some additional investment in odour system refurbishment and changes to operational practises, have been successful in constraining odour contacts through a very dry and hot summer, keeping our performance within target.

The change in work life patterns of many of our customers and visitors to the region following the COVID-19 Pandemic has resulted in recent years in a number of repeat and follow up contacts from individual customers when normal operations had been maintained at the wastewater treatment works.

The very dry summer drove the contact traffic with weather conditions linked with multiple contacts from several customers regarding the same issue.

Into the Autumn of 2022, wetter and colder weather reduced contact traffic below historic and target levels for the remainder of the year.

### 3B.8 Descriptive compliance

Descriptive compliance for the 2023 calendar year has improved slightly to 99.7% representing only one site failure during the year. Enhanced visits to sites have been continued and an increase in resources focused on maintaining Descriptive sites have continued. This is aligned with capital investment where required.

For the site that failed we have reviewed the causes and where are implementing necessary improvements to reduce the risk of future failures.

### 3B.9 Compliance with sludge standard

South West Water recycles treated sewage sludge into a valuable resource which can be used as a fertiliser or soil improver on agricultural land. This fertiliser product is known as a bioresource or biosolid. Biosolids recycling to agricultural land is in most circumstances considered to be the Best Practicable Environmental Option and it is a sustainable practice. In addition to valuable nutrients, bioresources also contain organic matter, which benefits agriculture and the environment. Bioresources can be produced in a variety of ways, SWW produce compliant bioresources through anaerobic digestion, lime stabilisation, or a combination of these treatments.

The regulatory framework for ensuring safe and environmentally useful bioresources is changing. In 2020 we saw the move towards accreditation for the Biosolids Assurance Scheme (BAS) and in 2022 we saw the introduction of 20 best practice guidance measures under Farming Rules for Water (FRfW). FRfW is guidance for good agricultural practice alongside The Reduction & Prevention of Agricultural Diffuse Pollution Regs 2018. The regulatory landscape in this area continues to develop.

In the last two years the company focus on bioresources has been amplified and we have developed and enacted plans that ensure compliance with the sludge standard which are helping us to maintain performance. This includes improved sludge dewatering, additional storage for sludge cake, both on South West Water treatment works, and at farms where the biosolids are recycled.

South West Water is currently planning their bioresources strategy for the next 25 years to ensure we can provide compliant bioresources in an environmentally resilient way. We will do this in line with customer needs and regulatory requirements.

In 2023 South West Water delivered 99.77% compliance against the Satisfactory Sludge Use and Disposal measure. The Environment Agency set target is 98.2%. Our aim, and performance commitment target, is to ensure 100% compliance. The small percentage not complying with the standard in 2022 was in relation to field store compliance and timely product movement. To ensure best practice within a dynamic environment we continue to work with our partner contractors to ensure the bioresource store inspections and fertiliser application regimes are compliant. We continue to maintain Biosolids Assurance Scheme certification.

### 3B.10 Resilience in the round – wastewater

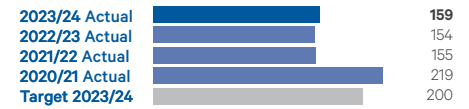
This measure relates to the ability to protect and quickly recover treatment processes at wastewater treatment works in the case of extreme weather events. It is measured as the number of resilience action plans put in place for the wastewater treatment works. South West Water has already written a plan for each of the 223 Wastewater treatment works which are located in the 1:1000 extreme flood zone as published by the Environment Agency, against a 2023/24 target of 80.

The plans have been produced in line with our business plan to improve the response and recovery of each wastewater site following any flooding incident

159



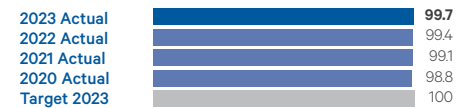
Odour contacts – wastewater treatment works  
Number



99.7



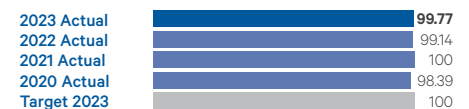
Descriptive compliance\*  
%



99.77



Compliance with sludge standard\*  
%



223



Resilience in the round – wastewater  
Number



## I Performance summary – SWB continued

### 3B.11 Operational contacts resolved first time – wastewater

This performance commitment measures the company’s ability to resolve wastewater operational contacts first time without customers needing to contact the company a second time for the same issue. Our performance for wastewater contacts at 95.1% again met the 95% committed performance level.

This measure now includes data from all channels, including webchat and social media, which is regarded as being most reflective of a holistic resolved first time measure, being aligned to the all channels definition for complaints outlines by CCWater. However, it should be noted that this could potentially have a positive effect on the measure increasing both initial and managed process contacts, or a negative effect by increasing the number of repeat/chase contacts.

Performance during the year is broadly consistent with previous years, however, the volume of contacts has fluctuated through the year, driven by periods of a Temporary Use Ban, which drove some increase in the level of engagement.

Our aim is to prevent issues happening however where things do go wrong our focus remains the speedy attendance and resolution of all queries or problems with emphasis on excellent customer experience. This can be measured through our continuing achievement of this measure.

### 3B.12 EPA

The EPA is the Environment Agency’s assessment of environmental performance. It includes the following measures for the calendar year 2023:

- total pollution incidents (sewerage)
- serious pollution incidents
- self-reporting of pollution incidents
- discharge permit compliance numeric
- delivery of the WINEP
- supply demand balance index (SDBI)
- sludge compliance.

These metrics are then aggregated to provide an overall ranking out of four stars. Our provisional rating for 2023 two stars as in 2022.

Our provisional rating for the 2023 calendar year is again 2 stars, maintaining improvements from the previous year. However, following the extreme levels of rainfall and high number of storms over the winter of 2023/24, the full benefits of our Pollution Incident Reduction Plan (PIRP) have not yet been seen and we have a road map to achieve a 4 star EPA status in 2025. Our steadfast focus remains in this area to deliver a meaningful step change in performance. In addition to the significant focus on reducing pollution incidents, which has started to make a significant impact, South West Water is also taking action to improve performance across all areas of the EPA.

### 3B.13 Bathing water quality

In 2023 there were 151 designated bathing waters in the South West Water region. Of these, 150 were monitored and classified by the Environment Agency, as one beach, Watcombe, was again unable to be sampled by the Environment Agency due to access issues.

The Environment Agency’s bathing water classification confirms 149 of these 150 sites met or exceed / pass the minimum standard ‘sufficient’ for the 2022 bathing season delivering 99.3% compliance. The single bathing water classified as ‘poor’ was Porthluney, however there are no South West Water assets linked to this site and the EA action plan states that the main cause of the runoff mainly related to slurry management and cattle watering issues in a small number of dairy farms in the catchment. In addition to that there are unpermitted private sewage discharges or septic tanks at holiday parks unrelated to any South West Water assets.

In 2023 four bathing waters deteriorated from ‘good’ to ‘sufficient’ these were: Goodrington, Ilfracombe Hele Bay, Par Sands and Sandy Bay. The audit completed by Jacobs has concluded that none of the four beaches which have deteriorated in class from ‘good’ to ‘sufficient’ are solely as a result of South West Water operational assets. Porthluney is our only ‘sufficient’ bathing water but has no South West Water assets associated with this beach.

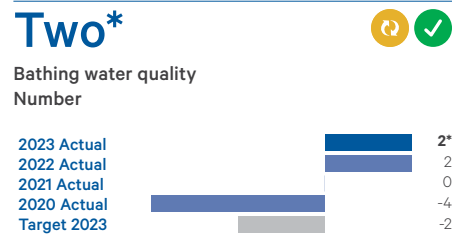
We have completed ten specific schemes in the regulatory period to date) in line with the improvements aspects of this metric to maintain our strong quality position. None were scheduled to be completed in 2023/24, with two further schemes planned in 2024/25.

During the rest of the 2020-25 regulatory period, further investments will be made in improvements to the performance of our assets. This includes investigations to improve our understanding of current bathing water quality issues, as well as improvement measures at existing assets to reduce the impact of storm overflows.

For the 2023 bathing water season, a newly designated bathing water Firestone (Plymouth) was part of the Environment Agency’s bathing water quality sampling programme for the first time. We are delighted to report that it was classified as ‘excellent.’ Six new bathing waters, including four river waters will be included in the assessment for the 2024 bathing water season and included in our 2024/25 annual reporting.



\* Calendar Year Incentive



\* 2 represents a net improvement of 10 from the -8 baseline

**TABLE 3C – Customer measure of experience (C-MeX) table**

Item	Unit	Value
Annual customer satisfaction score for the customer service survey	nr	74.88
Annual customer satisfaction score for the customer experience survey	nr	70.64
Annual C-MeX score	nr	72.76
Annual net promoter score	nr	(7.50)
Total household complaints	nr	8,081
Total connected household properties	nr	1,022,599
Total household complaints per 10,000 connections	nr	79.024
Confirmation of communication channels offered	TRUE or FALSE	TRUE

See page below for further commentary in respect of our C-MeX performance and commentary in this section for further details of our performance in respect of customer service in the round.

**C-MeX**

While we work hard every day to deliver for our customers, our overall customer satisfaction position has remained below median and our performance target, with South West Water positioned 13 of 17 companies for 2023/24. South West Water, in line with all but one of the 17 water companies have seen a decrease in year on year C-MeX scores.

For South West Water, for our customer satisfaction score for the customer service survey (CSS) element, despite a fall in score, we are now an above median performer, moving up two places to eighth. Our CSS scores for billing and drinking water customer service rose, while the wastewater customer service score fell. In this wastewater area of customer service, and we have continued to focus on response and resolution times. These are areas included in our C-MeX action plan (see page 13). The wastewater area of response has been challenging with the operational conditions experienced in the Winter of 2023/24.

The customer experience survey (CES) element is a strong test of how we are perceived in a period of extensive media coverage of our industry and in line with the other Water and Sewerage Companies (WASCs), we saw a decrease in our score in this area. We have more to do as a Company and Industry to rebuild trust, and this has been reflected in this performance.

We are now even more accessible to customers than ever before with further modernisation of our contact channels including the introduction of WhatsApp messaging. Alongside this customers can now speak to us digitally at a time that suits them with conversations now taking place 24/7. We have also enhanced our self-serve functionality, stepping up to the cost of living crisis, by giving customers the ability to provide a meter reading and receive a statement at any time so they can better manage their finances.

We also introduced our largest ever community outreach program with a presence in the communities who need our support the most engaging through initiatives including water saving, environmental and affordability, as well as teaching future generations about the value of water.

Support for vulnerable customers has and remains a key focus and we know views on bill levels, which have historically been high in our region, influence our C-MeX survey scores.

We know there is more to do and our action plan to achieve our targeted industry ranking of 9/17 next year with engagement and communication being critical in allowing us to understand customer concerns and explain to them what we are doing to resolve them. Our continued focus in 2024/25 is to drive and deliver measurable reductions in complains and demand (contacts) to improve our customer’s journey when they need to contact us. This will improve our CSS scores and release capacity to further improve the customer experience.

To do this we are working collaboratively across the business with our operational and customer services teams to reduce the primary drivers of contact and complaints. Further to this overarching approach, we have delivered the following during 2023/24, which we anticipate seeing benefit from over the forthcoming year:

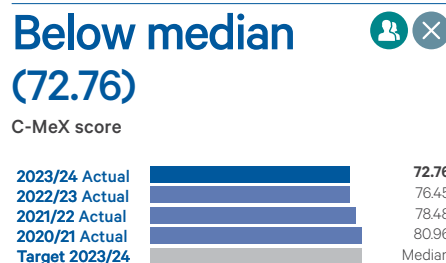
- A process for auto-enrolment into e-billing and direct debit refunds through the BACS process to simplify customer processes as well as simplification of how we work with customers when they require operational solutions
- Introduced a separate QA team, which has identified further training and coaching requirements in contact centres across all channels of communication. Our monitoring where the training and coaching has been implemented shows a 16% improvement in baseline quality scores - and this continues to be monitored
- Improved incident management and learning from Bristol Water’s ‘In Their Shoes’ initiative
- Increased resources in our metering teams with highest rates we’ve ever recorded of attempted meter reads in the final quarter of 2023/24, while also seeing our highest ever level of metering.

For the often longer-term challenges, stakeholders and our WaterShare+ Panel are key to showing transparency, openness and building trust with our customers.

SWW has offered 10 communication channels with 6 of these being digital. All communication channels offered are listed below:

Digital channels (6): Email, MyAccount Online Self Service, Webform, Web Messaging, Social media – Facebook, Social Media – Twitter

Other channels (4): Telephone, Letter, SMS, WhatsApp.



## I Performance summary – SWB continued

**TABLE 3D – Developer services measure of experience (D-MeX) table**

Item	Unit	Value
Qualitative component annual results	nr	79.94
Quantitative component annual results	nr	99.96
D-MeX score	nr	89.95
Developer services revenue (water)	£m	9.964
Developer services revenue (wastewater)	£m	6.368

See page 133 for further commentary in respect of our D-MeX performance

### Calculating the D-MeX quantitative component

Water UK performance metric	Unit	Second reporting period (1 October to 31 March)	Quantitative score (annual)
W1.1 Pre-development enquiry – reports issued	%	100.00%	
W3.1 s45 quotations	%	99.96%	
W4.1 s45 service pipe connections	%	99.98%	
W6.1 Mains design <500 plots – quotations	%	98.98%	
W7.1 Mains design >500 plots – quotations	%	100.00%	
W8.1 Mains construction	%	100.00%	
W17.1 Mains diversions (without constraints) – quotations	%	100.00%	
W17.2 Mains diversions (with constraints) – quotations	%	100.00%	
W18.1 Mains diversions – construction/commissioning	%	100.00%	
W20.1 Self-lay Point of Connection reports <500 plots etc – reports issued	%	–	
W21.1 Self-lay Point of Connection reports >500 plots etc – reports issued	%	–	
W23.1 Self-lay design and terms request <500 plots etc – quotations	%	–	
W24.1 Self-lay design and terms request >500 plots etc – quotations	%	–	
W26.1	%	–	
W27.1 Self-lay permanent water supply – provided	%	–	
W30.1 Self lay references and costing details – issued	%	–	
S1.1 Pre-development enquiry – reports issued	%	100.00%	
S3.1 Sewer requisition design – offers issued	%	100.00%	
S4.1 Sewer requisition – constructed and commissioned	%	100.00%	
S7.1 Adoption legal agreement – draft agreements issued	%	–	
WN1.1 % of confirmations issued to the applicant within target period	%	100.00%	
WN2.2 % Bulk supply offer letters issued to applicant within target period	%	100.00%	
WN4.1 % of main laying schemes constructed/commissioned within target	%	–	
WN4.2 % of testing supplies provided within target period	%	100.00%	
WN4.3 % of permanent supplies made available within the target period	%	100.00%	
SN2.2 % Bulk discharge offer letters issued to the applicant within target	%	100.00%	
SN4.1 % of main laying schemes constructed/commissioned within target	%	–	
SAM 3/1 Update draft agreement	%	100.00%	
SAM 4/1 Inspections and construction period	%	100.00%	
SLPM – S1/2 Review PoC proposal	%	100.00%	
SLPM – S2/2a Provide Design	%	100.00%	
SLPM – S2/2b – Water Company to provide design acceptance	%	100.00%	
SLPM – S3 review/revise Water Adoption agreement	%	100.00%	
SLPM – S4/1 Source of Water Delivery Date	%	100.00%	
SLPM – S5/1a Review request and carry out Final Connection	%	100.00%	
SLPM – S7/1 Validate notification and provide consent to progress with connection	%	100.00%	
D-MeX quantitative score (for the reporting period)	%	99.96%	
D-MeX quantitative score (annual)	nr		1.00

### D-MeX

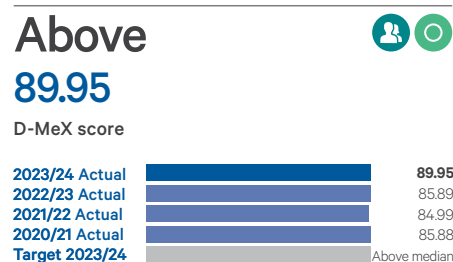
D-MeX is the regulatory measure for developer experience for services that we provide to small and large housing developers, customers making home improvements, new appointees (NAVs) and self-lay providers (SLPs). This includes construction undertaken by themselves or by the company.

After finishing 2022/23 in eleventh position, we delivered a level of service above the median company in 2023/24 resulting in finishing eighth of seventeen companies in the industry performance table after increasing our performance score to 89.95 from 86.02 in the previous year. This improvement resulted in our highest ever D-MeX score.

In 2023/24 to achieve this improvement, we have focused on:

- Investing in our people through additional training and development focused upon the customer focus areas
- Introducing new communication channel choices to make it easier for our customers to contact us at the times when they need us
- Further development of our performance reporting to provide us with improved insight of the things that our customers value
- Strengthening the engagement with our customers.
- Improving the alignment of our supply chain partners to increase focus upon the services that our customers value
- Integrating with our Bristol team to share best practice.

Over the past year we have experienced increased levels of competition across our region with a number of new appointees entering the market and therefore we maintain focus upon these important stakeholders to ensure that we continue to meet their requirements and introduce improvements as necessary.



**TABLE 3E – Outcome performance – Non financial performance commitments**

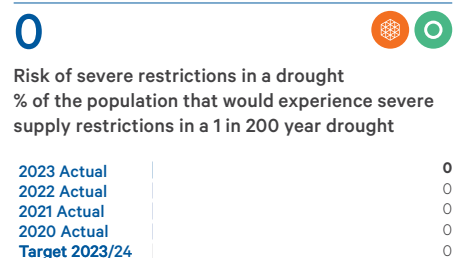
	Unit	Actual	PCL met?	See page
<b>Common</b>				
Risk of severe restrictions in a drought	%	–	Yes	147
Priority services for customers in vulnerable circumstances – PSR reach	%	10.6	Yes	148
Priority services for customers in vulnerable circumstances – Attempted contacts	%	90.5	Yes	148
Priority services for customers in vulnerable circumstances – Actual contacts	%	62.0	Yes	148
Risk of sewer flooding in a storm	%	9.77	Yes	149
<b>Bespoke PCs</b>				
Total wastewater treatment works (WWTW) compliance	%	97.9	No	149
Customer satisfaction with value for money	%	74	Yes	149
British Standard for inclusive service provision	score	Achieved	Yes	150
Overall satisfaction of services received on the PSR	%	93	Yes	148
Biodiversity – Compliance	nr	–	Yes	150
Biodiversity – Prevent Deterioration	nr	121	Yes	150
Installation of AMR meters	nr	226,044	Yes	150
Number of customers on one of our support tariffs	nr	62,297	Yes	149
Voids for residential retail	%	0.84	Yes	151
Percentage of customers who find their water bill affordable	%	98.0	Yes	149

### 3E.1 Risk of severe restrictions in a drought

This measure looks at the long-term risk of customers experiencing severe supply restrictions. Our 2020-25 business plan forecast was that we did not expect any customers to be at risk from severe restrictions in 1 in 200 year drought events – this is still the case.

2022 was an extraordinary year where an exceptional shortage of rain – the summer was the 4th driest in 130 years, extreme heat resulting in the hottest year on record, high levels of soil moisture deficit reducing the benefits of any rainfall which did occur, weather factors increasing summer demand from customers for example watering gardens, filling paddling pools and increased demand as a result of population growth in the region due to COVID with greater use of second homes coupled with increased tourism resulted in a situation for our Colliford water resource zone beyond our current WRMP19 1-in-200 design conditions.

Despite these conditions, no customers were without a water supply or had severe restrictions (outside of the temporary use bans) and actual storage in the Colliford reservoir did not reach Level 3 within our drought plan – consistent with the 0% assumed within the 2020-25 business plan.



0  
**Risk of severe restrictions in a drought**  
 % of the population that would experience severe supply restrictions in a 1 in 200 year drought

## I Performance summary – SWB continued

### 3E.1 Risk of severe restrictions in a drought – continued

However, recognising the aim of avoiding any restrictions to customers, in the longer term, we are working to address further supply interventions in specific areas of our region, and our Green Recovery annual report provides details of a project 'Water Resources Grid Enablement' which is a reservoir winter storage scheme. This project will provide an increased ability for transfers around our region.

This metric will vary during the regulatory reporting period 2020-25, if companies deliver schemes to reduce risk or if changes are identified to the baseline starting point that was established in the WRMP19/PR19 process. Our 2020-25 business plan did not include any new supply schemes reflecting a 0% baseline. Our planned supply interventions and demand assumptions have been updated in our WRMP19 review for 2023 submitted in July and in compiling our WRMP24 and PR24 plans. As we develop our WRMP across both South West and Bristol we will review and update the long-term outcomes and re-assess this position if required.

### 3E.2 Priority services for customers in vulnerable circumstances – PSR reach &

### 3E.3 Priority services for customers in vulnerable circumstances – Attempted contacts &

### 3E.4 Priority services for customers in vulnerable circumstances – Actual contacts &

### 3E.9 Overall satisfaction of services received on the PSR

PSR is a common performance commitment consists of the following criteria:

- The PSR reach percentage of households that are registered for additional support
- Percentage of households on the PSR the company has attempted to contact
- Percentage households on the PSR that the company has contacted

The measure ensures a minimum standard across all companies for the number of household's registered and for data checking.

Each of the three PSR elements was achieved or exceeded in 2022/23 with 78,981 customers registered for extra support, an in-year increase of 20,908 or 36%.

PSR	31 March 2023	Target
Reach (3E.2)	7.8%	3.50%
Attempted (3E.3)	90.1%	90.0%
Actual (3E.4)	47.0%	35.0%

We currently offer 10 different services for customers requiring additional support ranging from a braille bill to a water delivery in an emergency. Customers can register for as many of these services as they require with a water delivery in an emergency being the most prevalent additional support required with 84% of customers on PSR registered for this service.

Through the development of our affordability and vulnerability toolkit, we have empowered our staff to identify all types of vulnerability, from transient to long-term, to find the right support for our customers through enhanced, innovative training and ongoing support.

We have been supported in the development of our Affordability and Vulnerability Training program, delivered to both Contact Centre and Field Staff, by external partners such as the mental health charity MIND and Dementia Friends. This has enabled us to provide additional insight and awareness for all customer service staff so that they are able to recognise potential and emerging vulnerabilities.

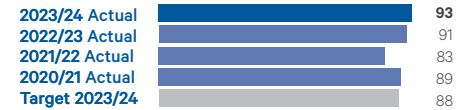
Our retained accreditation of the BS 18477 standard for Inclusive Service provision was specific to the identification and responding to vulnerability. We had a very successful external audit, conducted by BSI, in February 2022 and are currently working towards the new BSI 22458, with the assessment scheduled within 2023/24.

From April South West Water will join a two-way data sharing arrangement with the two principal energy network operators. An important first step in achieving Ofwat's and CCW's vision of joined up vulnerability data across both sectors. This approach will see the number of customers on the non means tested PSR register who require additional support further increase.

93



### Overall satisfaction of services received on the PSR



Achieved



### Priority services register



10.6



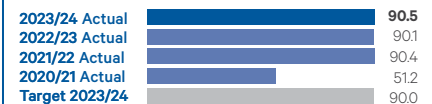
### PSR – Reach



90.5



### PSR – Attempted contacts



62.0



### PSR – Actual contacts



70



### Percentage of satisfied vulnerable customers %





### 3E.5 Risk of sewer flooding in a storm

This metric has been designed to measure the resilience of South West Water’s drainage systems to assess existing and future resilience to extreme wet weather events causing sewers to flood. The aim is to prioritise investment, engage more extensively in partnership working and with customers, and importantly, to focus the development of long-term planning strategies with a view to reducing the chances that residential and business customers will be flooded in future. We currently have a 2022/23 commitment to have no more than 29.7% of the region’s population at risk from internal hydraulic flooding, and we are currently forecasting well below this figure at 7.13% (a significant improvement on our 2021/22 success of 9.83%)

### 3E.6 Total wastewater treatment works (WWTW) compliance

This measure is a combination of performance at our numerically permitted discharges at treatment works (measure 3B.4) and at our descriptive sites (3B.8).

As noted in commentary for those metrics, performance has improved in 2023 was impacted at numeric sites by a number of individual issues, especially during Summer 2023. Our target remains for no failing sites, and where failures occur, we review the reasons and implement improvements (whether to process or assets) as required.

### 3E.7 Customer satisfaction with value for money &

#### 3E.15 Percentage of customers who find their water bill affordable &

#### 3E.13 Number of customers on one of our support tariffs

We are pleased to report that we have achieved each of these three linked performance commitments this year.

Our region has a higher proportion of households with lower-than-average incomes. This, coupled with the size of customer’s water bills not being uniform across England and Wales, means that nowhere has the cost-of-living crisis impact more acutely than in the South West.

The definition of Water Poverty is where any customers bill is more than 5% of equivalised income. SWB have made measurable industry leading Business Plan commitments to eradicate Water Poverty by 2025, ahead of the CCW’s 2030 ambition, which we are pleased to report we are on track to achieve this with 98.0% of customers who find their bill affordable exceeding our glidepath target of 95.2% as we aim to eradicate Water Poverty by 2025.

To achieve this at the end of March 2024 62,239 South West Water customers were benefiting from and being brought out of Water Poverty through a support tariff in 2022/23. This is an in year increase of 19,058 or 44%.

The innovative use of data is at the forefront of eradicating poverty, allowing us to identify and reach out to the struggling silent. Through this and our Datashare agreements we are now able to identify, proactively engage with and auto enrol individual customers who are in Water Poverty onto support tariffs.

Whilst our first focus is always on keeping bills low we know that there is more to do and we are undertaking a wide range of actions and initiatives to help all our customers during these unprecedented times including from April 2023 we removed the benefits eligibility criteria to receive support.

Through this we expect the number of South West Water customers benefiting from support tariffs to continue to grow during 2024/25.

9.77



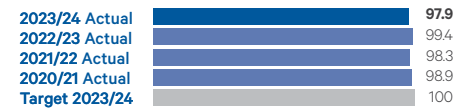
Risk of sewer flooding in a storm  
% of population at risk of sewer flooding  
in 1 in 50 year storm



97.9



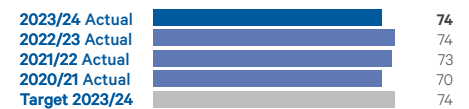
Total wastewater treatment works (WWTW)  
compliance\*  
%



74



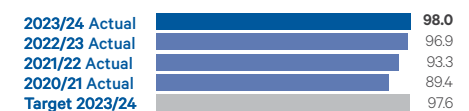
Customer satisfaction with value for money  
%



98.0



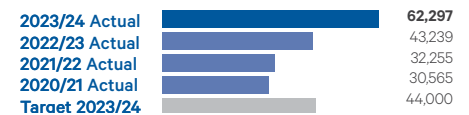
Percentage of customers who find  
their water bill affordable  
%



62,297



Number of customers on one  
of our support tariffs  
Number



## I Performance summary – SWB continued

### 3E.8 British Standard for inclusive service provision

South West has now achieved upgraded certification to the new international standard ISO22458 (Customer vulnerability) as well as the BSI Kitemark (which aligns specifically to water industry requirements). This superceeds our certification under BS 18477:2010, the British Standard for Inclusive Service Provision. The scope of both include identifying and responding to consumer vulnerability for the supply of water and wastewater services. Assessment covers not only the quality of services for PSR customers, but also our wider service provision to all customers in vulnerable circumstances, regardless of whether they are registered for the PSR.

The British Standards Institution (BSI) introduced the BSI Inclusive Service Kitemark for Water Provision. This BSI Kitemark has been tailored to demonstrate best practice for Water Provision and has been designed to align with Ofwat requirements. We are proud to have achieved this mark.

### 3E.10 Biodiversity – Compliance

During 2023, there were no category 1 or 2 pollutions events at any relevant locations and therefore as in the previous two years, the target was met. Relevant locations include freshwater Natura 2000 sites, Special Sites of Scientific Interest and Country Wildlife Sites (ecologically sensitive locations).

This outcome supports our commitment to achieving the outcomes of the Government Environmental Improvement plan and its ambitions to improve the condition of all Sites of Special Scientific Interest in the next ten years.

Incidents relating to the Isles of Scilly are not included, in line with the guidance in the 'PR19 final determinations: South West Water – Outcome performance commitment appendix' document.

### 3E.11 Biodiversity – Prevent Deterioration

Invasive non-native species (INNS) can impact on all aspects of the business with significant operational, compliance, reputational and financial risks and are one of the most significant causes of biodiversity loss globally.

This measure is to incentivise the delivery of biosecurity installations at South West Water sites, to prevent the introduction of new and spread of existing INNS.

This programme has been accelerated for the third year and we are exceeding our targets:

- our commitment was to install a range of signs at 100 sites – 20 signs a year over the five years 2020-25. However, we are ahead of schedule having installed signs at 90 sites over the first four years of the regulatory period.
- we also committed to installing 12 biosecurity wash down facilities over the five year period. Again, we are ahead of schedule and have installed 11 facilities to date and are scoping for two further watercraft wash downs for this AMP. Our exemplar biosecurity wash down facilities at Roadford, includes a pressure washer for watercraft, an angling dip tank, and a boot scrub.

We continue to work closely with South West Lakes Trust who are monitoring use of this biosecurity hub. Uptake has been great as site visitors are aware that these measures help protect the water supply, recreational activities, and wildlife.

### 3E.12 Installation of AMR meters

Our customers tell us they want us to help all customers use less water to protect valuable resources and support household budgeting. To do this it is important that as many customers as possible receive accurate and timely bills.

Installing meters with automatic meter reading capability (AMR) means we can take even more regular meter readings, reducing the need to send estimated bills. AMR meters also help us to detect if water is being used continuously, which might indicate a leak and can help customers avoid unnecessarily high bills.

In 2023/24 we achieved and exceeded the AMR target for the fourth consecutive year.

Since 2017/18 all new meters installed have been AMR or AMI whether this be a new connection or where a customer applies for a meter or a meter exchange.

In addition to this, we have continued our partnership with Aqua Logic, who work to retro-fit AMR radio units onto existing visual read meters. This enables them to be read remotely and become Smart meter enabled allowing for more regular meter readings, reducing the need to send estimated bills, and providing customers accurate bills which are so important for families to be able to manage their finances as the cost of living poses real financial challenges for customers, some for the first time.

The AMR retro-fit program is undertaken using a geographic approach so that travel requirements are minimised, carbon impact is reduced, and the number of retro-fit installations is maximised.

## Achieved



### British Standard for inclusive service provision

2023/24 Actual	Maintained
2022/23 Actual	Maintained
2021/22 Actual	Maintained
2020/21 Actual	Achieved
Target 2023/24	Maintained

## Zero



### Biodiversity – Compliance Number

2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2023/24	0

## 121



### Biodiversity – Prevent Deterioration Number

2023/24 Actual	121
2022/23 Actual	101
2021/22 Actual	70
2020/21 Actual	46
Target 2023/24	90

## 226,044



### Installation of AMR meters Number

2023/24 Actual	226,044
2022/23 Actual	207,271
2021/22 Actual	207,271
2020/21 Actual	165,685
Target 2023/24	225,705

### 3E. 14 Voids for residential retail

Investigating and reducing the number of properties that do not pay for the services they receive is the right thing to do and fair to everyone who pays their bill.

Void properties are defined as chargeable premises which are recorded as vacant with no charges levied as of 31 March each year.

The void percentage achieved in 2022/23 was 0.84%, which is just within the target of 0.85%.

Robust void management is an important factor in ensuring customers are billed accurately and fairly and that customers who may require additional support can be quickly identified.

To do this we have developed and operate several activities and processes that help us to ensure that we proactively identify and prevent properties from becoming void including:

- Data collection at the point of contact where a customer moves into or vacates a property
- Previous and Current Occupier Tracing and Data Sharing – utilising data through multiple sources to identify occupants

0.84



Void properties %

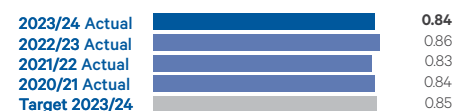


TABLE 3F – Underlying calculations for common performance commitments – water and retail

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – Actual (current reporting year)	Performance level – Calculated (i.e. standardised)	
<b>Performance commitments set in standardised units – Water</b>						
Mains repairs – Reactive		Mains repairs per 1000 km	Mains length in km	18,583.00	1,619	8712
Mains repairs – Proactive		Mains repairs per 1000 km	Mains length in km	18,583.00	883	4752
Mains repairs		Mains repairs per 1000 km	Mains length in km	18,583.00	2,502	134.64
Per capita consumption (PCC)	lpd	Population		232156	342	14730

	Unit	Performance level – actual (2020-21)	Performance level – actual (2021-22)	Performance level – actual (2022-23)	Baseline	Performance level – actual (2023-24)	Performance level 3 year average	Calculated performance level to compare against PCLs
<b>Performance commitments measured against a calculated baseline</b>								
Leakage	MI/d	136.0	90.6	112.2	124.2	118.5	107.1	13.8
Per capita consumption (PCC)	lpd	138.6	143.8	152.6	146.0	147.3	147.9	(1.3)

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level
<b>Water supply interruptions</b>						
Water supply interruptions	Average number of minutes lost per property per year	Number of properties	1,096.88	10,196,946	31,589	00:09:18

	Current company level peak week production capacity (PWPC) MI/d	Reduction in company level PWPC MI/d	Outage proportion of PWPC %
<b>Unplanned or planned outage</b>			
Unplanned outage	897.12	10.3	115%

	Total Residential properties	PSR household	PSR reach	Total number of households on the PSR over a 2 year period	Number of attempted contacts	Attempted contacts %	Number of actual contacts	Actual contacts %
<b>Priority services for customers in vulnerable circumstances</b>								
Priority services for customers in vulnerable circumstances	1,014.44	107,219	106%	58,070	52,541	90.5%	35,976	62.0%

## I Performance summary – SWB continued

**TABLE 3G – Underlying calculations for common performance commitments – wastewater**

		Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual current reporting year	Calculated performance level
<b>Performance commitments set in standardised units</b>						
Internal sewer flooding – customer proactively reported	As per outcome performance commitment appendix	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	798.26	58	0.73
Internal sewer flooding – company reactively identified (i.e. neighbouring properties)	As per outcome performance commitment appendix	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	798.26	1	0.01
Internal sewer flooding	As per outcome performance commitment appendix	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	798.26	59	0.74
Pollution incidents	As per outcome performance commitment appendix	Pollution incidents per 10,000 km of sewer length	Sewer length in km <sup>1</sup>	17,440.00	194	111.24
Sewer collapses	As per outcome performance commitment appendix	Number of sewer collapses per 1,000 km of all sewers	Sewer length in km <sup>2</sup>	19,243.00	263	13.67

1. The sewer length used in the calculation of pollution incidents per 10,000km of sewer length reflects an historic assessment (fixed point in time) as required in the definition of the performance commitment in line with the Environment Agency methodology. This is therefore different to the values for the year in table 7C.

2. The sewer length used in the calculation of sewer collapses per 1,000km of all sewers does not include an update reflecting an updated calculation of inherited private sewers in previous years and utilises the previous value for 7,857km of private sewers adopted in its calculation. This value is therefore different to the values for the year in table 7C.

**TABLE 3H – Summary information on outcome delivery incentive payments**

	Initial calculation of performance payments (excluding CMEX and DMEX) £m (2017-18 prices)
<b>Initial calculation of in period revenue adjustment by price control</b>	
Water resources	(0.30)
Water network+	(4.01)
Wastewater network+	(12.32)
Bioresources (sludge)	(0.01)
Residential retail	-
Business retail	-
<b>Initial calculation of end of period revenue adjustment by price control</b>	
Water resources	-
Water network+	-
Wastewater network+	-
Bioresources (sludge)	-
Residential retail	-
Business retail	-
<b>Initial calculation of end of period RCV adjustment by price control</b>	
Water resources	2.41
Water network+	0.24
Wastewater network+	1.10
Bioresources (sludge)	-
Residential retail	-
Business retail	-

**TABLE 3I – Supplementary outcomes information**

	Current company level peak week production capacity (PWPC) MI/d	Reduction in company level PWPC MI/d	Outage proportion of PWPC %
<b>Unplanned or planned outage</b>			
Planned outage	897.12	48.86	5.45%

	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk
<b>Risk of severe restrictions in drought</b>						
Risk of severe restrictions in drought <sup>1</sup>	782.19	5.62	661.77	59.28	2,271.14	-

1. In line with the ODI guidance, values used for output and demand in the calculations for risk of severe restrictions in a drought align to Water Resources Management Plan values. Actual demand has increased, and is reflected in table 6B Consumption. This change is driven by the Covid-19 pandemic which has led to a significant increase in the population in the region, resulting in increased household and non-household demand.

	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
Percentage of total population served										
<b>Risk of sewer flooding in a storm</b>										
Risk of sewer flooding in a storm	1,739,144.00	237,564.00	13.66%	84,303.00	4.85%	1,417,276.00	81.49%	90.23%	0.81%	8.96%

Number of spot repairs or relining undertaken on sewer and not included in reported sewer collapses

<b>Sewer collapses</b>										
Sewer collapses										222

## Additional regulatory information – service level – SWB



TABLE 4A – Water bulk supply information

	Volume MI	Operating costs £m	Revenue £m
<b>Bulk supply exports</b>			
Golf Links Reservoir, Lyme Regis, Dorset, DT7 – SWTBWE2 – Charmouth / Lyme Regis	3,760	–	0.007
Wellington Monument Road, Hemyock, Devon, EX15 – SWTBWE1	12,105	–	0.024
Reciprocal Resilience agreement – SBWBWE2 – (Canford Bottom / Corfe Hills)	110,090	–	–
Stubhampton / Crichel	–	–	–
Whiteparish / Standlynch	–	–	–
ICOSA	1,125	–	0.002
ESP	0,763	–	0.001
IWNL	41,698	–	0.063
<b>Total bulk supply exports</b>	<b>169,541</b>	<b>–</b>	<b>0.097</b>

	Volume MI	Operating costs £m
<b>Bulk supply imports</b>		
Reciprocal Resilience agreement – SBWBWE2 – (Canford Bottom / Corfe Hills)	152,450	–
<b>Total bulk supply imports</b>	<b>152,450</b>	<b>–</b>

The reciprocal resilience agreement (Canford Bottom / Corfe Hills) is a long-standing agreement with Wessex Water in our Bournemouth Water area. This agreement is based upon equal imports and exports over the longer term (i.e. net zero import/export). Operating costs in respect of the bulk supply exports and imports are limited in the year to trivial maintenance costs in respect of metering equipment.

As these are reciprocal agreements with Wessex the custom and practice is to report these as NIL. In 2022/23 the disclosure was incorrect (although the volume stated was correct and agreed with Wessex Water). For 2023/24 we have reverted to NIL disclosure.

During the year we have commenced bulk supplies to multiple NAV sites across the region. Due to the number of current and “in pipeline” NAV sites we have consolidated the underlying data to report by NAV rather than by individual site.



## I Additional regulatory information – service level – SWB continued

### 4B – Analysis of Debt

In accordance with RAG 314, point 2.7, table 4B is not required to be included as part of the APR due to its size, but it is included within the APR tables on our website.

**TABLE 4C – Impact of price control performance to date on RCV**

	12 months ended 31 March 2024			
	Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m
<b>Totex (net of business rates, abstraction licence fees and grants and contributions)</b>				
Final determination allowed Totex (net of business rates, abstraction licence fees and grants and contributions)	9.493	177.922	181.128	22.404
Actual Totex (net of business rates, abstraction licence fees and grants and contributions)	102.331	288.762	316.876	25.293
Transition expenditure	-	-	-	-
Disallowable costs	0.237	1.015	0.423	0.083
Total actual Totex (net of business rates, abstraction licence fees and grants and contributions)	102.094	287.747	316.453	25.210
Variance	92.601	109.825	135.325	2.806
Variance due to timing of expenditure	(1.290)	(8.096)	(14.907)	(0.707)
Variance due to efficiency	93.891	117.921	150.232	3.513
Customer cost sharing rate – Outperformance	50.00%	50.00%	50.00%	-
Customer Cost Sharing Rate – Underperformance	50.00%	50.00%	50.00%	-
Customer share of Totex overspend	46.946	58.961	75.116	-
Customer share of Totex underspend	-	-	-	-
Company share of Totex overspend	46.946	58.961	75.116	3.513
Company share of Totex underspend	-	-	-	-
<b>Totex – business rates and abstraction licence fees</b>				
Final determination allowed Totex – business rates and abstraction licence fees	7.820	24.335	6.609	0.893
Actual Totex – business rates and abstraction licence fees	6.871	16.259	5.277	1.477
Variance – business rates and abstraction licence fees	(0.949)	(8.076)	(1.332)	0.584
Customer cost sharing rate – business rates	75.00%	75.00%	75.00%	-
Customer cost sharing rate – Abstraction licence fees	75.00%	75.00%	75.00%	-
Customer share of Totex over/underspend – business rates and abstraction licence fees	(0.712)	(6.057)	(0.999)	-
Company share of Totex over/underspend – business rates and abstraction licence fees	(0.237)	(2.019)	(0.333)	0.584
<b>Totex not subject to cost sharing</b>				
Final determination allowed Totex – not subject to cost sharing	0.506	5.999	1.880	-
Actual Totex – not subject to cost sharing	3.124	6.894	1.486	0.083
Variance – 100% company allocation	2.618	0.895	(0.394)	0.083
Total company share of Totex over/under spend	46.234	52.904	74.117	-
<b>RCV</b>				
Total Customer share of Totex over/under spend	46.234	52.904	74.117	-
PAYG rate	80.66%	56.12%	53.21%	75.27%
RCV element of Totex over/underspend	8.942	23.214	34.679	-
Adjustment for ODI outperformance payment or underperformance payment				
Green recovery				
RCV determined at FD at 31 March				
Projected 'shadow' RCV				

The RCV balance used, is inclusive of the IFRS 16 lease adjustment, this is in line with the letter published 18 May 2020 by David Black.



Water resources £m	Water network+ £m	Wastewater network+ £m	Bioresources £m
39.870	635.926	703.747	81.556
176.990	799.283	875.899	88.000
-	-	-	-
0.551	2.809	4.657	0.844
176.439	796.474	871.242	87.156
136.569	160.548	167.495	5.600
2.084	13.084	24.089	1.143
134.485	147.464	143.406	4.457
50.00%	50.00%	50.00%	-
50.00%	50.00%	50.00%	-
67.243	73.732	71.703	-
-	-	-	-
67.243	73.732	71.703	4.457
-	-	-	-
28.609	89.031	24.179	3.267
28.587	79.847	20.263	4.999
(0.022)	(9.184)	(3.916)	1.732
75.00%	75.00%	75.00%	-
75.00%	75.00%	75.00%	-
(0.017)	(6.888)	(2.937)	-
(0.006)	(2.296)	(0.979)	1.732
0.996	19.223	6.868	-
3.438	13.185	6.751	0.844
2.442	(6.038)	(0.117)	0.844
67.226	66.844	68.766	-
67.226	66.844	68.766	-
77.35%	59.40%	51.28%	75.49%
15.227	27.139	33.503	-
3.006	0.305	0.688	-
7.699	33.844	5.140	-
173.873	1,793.140	2,110.092	92.871
199.805	1,854.428	2,149.423	92.871

## I Additional regulatory information – service level – SWB continued

### TABLE 4C – Commentary

#### Wholesale

Table 4C indicates the impact on the RCV at the end of the price control period as a result of cumulative performance to date. For 2023/24 it also includes an adjustment related to the Green Recovery spend as per table 4U.

The year end RCV figures in nominal terms are published by Ofwat on an annual basis, however for PR19 SWB must adjust these figures to include the IFRS16 leases which were omitted from the opening PR19 RCV in the FD. The published value for 2023/24 is £4,141m, the IFRS16 lease adjustment is £29m, giving a total of £4,170m. This adjustment has been made in accordance with the logic applied to the FD RCV by Ofwat in the 2024 Regulatory Capital Value publication, and the letter dated 11 February 2020 from Ofwat quantifying the omission in 2017–18 CPIH deflated prices.

<b>Table 4C summary</b>	Water £m	Wastewater £m	Total Wholesale £m
Final determination allowance excluding business rates, abstraction licences and grants and contributions	187	203	390
Final determination allowance business rates and abstraction licences	32	8	40
<b>Total</b>	<b>219</b>	<b>211</b>	<b>430</b>
Actual excluding business rates, abstraction licences and grants and contributions	391	342	733
Actual business rates and abstraction licence	23	7	30
<b>Total</b>	<b>414</b>	<b>349</b>	<b>763</b>

Totex in the year is significantly higher than the Final determination for water resources, water network plus and wastewater network plus but broadly in line for bioresources.

Water resources additional costs compared to the Final Determination have been due to the building of a desalination plant for the Cornwall region. The desalination plant is to improve Water resilience against changing weather conditions within the region and protect the area from drought.

Water network costs include costs for South West Waters new water treatment plant in the Bournemouth area, as well as costs associated with our Waterfit program to improve the quality of water within the region.

Wastewater network plus additional costs compared to the Final Determination include our additional commitments made as part of our WaterFit initiatives. This includes accelerated costs to reduce storm overflow usage and to support improvements in pollutions reduction.

TABLE 4D – Totex analysis – water resources and water network+

	Network+					Total £m
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
<b>Operating expenditure</b>						
Base operating expenditure	26,962	3,130	–	71,170	47,216	<b>148,478</b>
Enhancement operating expenditure	1,638	–	–	–	–	<b>1,638</b>
Developer services operating expenditure	–	–	–	–	3,364	<b>3,364</b>
Total operating expenditure excluding third party services	28,600	3,130	–	71,170	50,580	<b>153,480</b>
Third party services	–	–	–	–	1,444	<b>1,444</b>
<b>Total operating expenditure</b>	<b>28,600</b>	<b>3,130</b>	<b>–</b>	<b>71,170</b>	<b>52,024</b>	<b>154,924</b>
<b>Grants and contributions</b>						
Grants and contributions – operating expenditure	–	–	–	–	6,074	<b>6,074</b>
<b>Capital expenditure</b>						
Base capital expenditure	5,826	0,018	–	42,516	58,104	<b>106,464</b>
Enhancement capital expenditure	81,097	23,219	–	70,514	9,969	<b>184,799</b>
Developer services capital expenditure	–	–	–	–	9,287	<b>9,287</b>
Total gross capital expenditure (excluding third party services)	86,923	23,237	–	113,030	77,360	<b>300,550</b>
Third party services	–	–	–	–	–	<b>–</b>
<b>Total gross capital expenditure</b>	<b>86,923</b>	<b>23,237</b>	<b>–</b>	<b>113,030</b>	<b>77,360</b>	<b>300,550</b>
<b>Grants and contributions</b>						
Grants and contributions – capital expenditure	–	–	–	–	(2,180)	<b>(2,180)</b>
<b>Net Totex</b>	<b>115,523</b>	<b>26,367</b>	<b>–</b>	<b>184,200</b>	<b>125,490</b>	<b>451,580</b>
<b>Cash expenditure</b>						
Pension deficit recovery payments	–	–	–	–	–	<b>–</b>
Other cash items	–	–	–	–	–	<b>–</b>
<b>Totex including cash items</b>	<b>115,523</b>	<b>26,367</b>	<b>–</b>	<b>184,200</b>	<b>125,490</b>	<b>451,580</b>

	Network+					Total £m
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
<b>Atypical expenditure</b>	–	–	–	–	–	<b>–</b>
<b>Total atypical expenditure</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Operating expenditure**

Overall costs of £154,924 is higher than the FD of £129,93. This is despite the total costs year on year decreasing following the removal of drought implementations. This is largely due to the current costs associated with Power being so high along with the increase in headcount across the area.

**Capital expenditure**

Gross capital expenditure has increased by £144,577m (£300,550m in 23/24 and £155,973m in 22/23). The largest element of the increase comes from water resources. This includes continued expenditure on Alderney and Knapp Mill, two new WTWs being built in the Bournemouth area together with sustained expenditure on the drought plan, with additional expenditure on our desalination plant and Blackpool quarry in Cornwall as we enhance the water resources in the region. Raw Water Treatment continues to represent our commitments as part of the North Devon Water Resources green recovery programme. Water Treatment increases relate to expenditure to meet legislative obligations with continued GAC and UV work together with the installation of secondary filters at certain sites. Treated water distribution costs reflect expenditure on leakage and the installation of meters as of the green recovery programme.

Grants and contributions are a credit in the year. This is due to the movement in income offsets outweighing requisition income, together with grant income from our Upstream Thinking programme being recognised.

## I Additional regulatory information – service level – SWB continued

**TABLE 4E – Totex analysis – wastewater network+ and bioresources**

	Network+ Sewage collection			Network+ Sewage treatment			Bioresources		Total £m
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Imported sludge liquor treatment £m	Sludge transport £m	Sludge treatment £m	Sludge disposal £m	
<b>Operating expenditure</b>									
Base operating expenditure	28,794	7,723	1,493	83,486	4,115	4,664	13,422	5,817	149,514
Enhancement operating expenditure	-	-	-	-	-	-	-	-	-
Developer services operating expenditure	0,240	-	-	-	-	-	-	-	0,240
Total operating expenditure excluding third party services	29,034	7,723	1,493	83,486	4,115	4,664	13,422	5,817	149,754
Third party services	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure</b>	<b>29,034</b>	<b>7,723</b>	<b>1,493</b>	<b>83,486</b>	<b>4,115</b>	<b>4,664</b>	<b>13,422</b>	<b>5,817</b>	<b>149,754</b>
<b>Grants and contributions</b>									
Grants and contributions – operating expenditure	4,182	-	-	-	-	-	-	-	4,182
<b>Capital expenditure</b>									
Base capital expenditure	38,701	10,185	2,037	60,466	2,519	-	2,867	-	116,775
Enhancement capital expenditure	27,198	7,157	1,431	47,140	1,966	-	-	-	84,892
Developer services capital expenditure	4,135	1,072	0,214	-	-	-	-	-	5,421
Total gross capital expenditure (excluding third party)	70,034	18,414	3,682	107,606	4,485	-	2,867	-	207,088
Third party services	-	-	-	-	-	-	-	-	-
<b>Total gross capital expenditure</b>	<b>70,034</b>	<b>18,414</b>	<b>3,682</b>	<b>107,606</b>	<b>4,485</b>	<b>-</b>	<b>2,867</b>	<b>-</b>	<b>207,088</b>
<b>Grants and contributions</b>									
Grants and contributions – capital expenditure	0,944	0,248	0,050	-	-	-	-	-	1,242
<b>Net Totex</b>	<b>93,942</b>	<b>25,889</b>	<b>5,125</b>	<b>191,092</b>	<b>8,600</b>	<b>4,664</b>	<b>16,289</b>	<b>5,817</b>	<b>351,418</b>
<b>Cash expenditure</b>									
Pension deficit recovery payments	-	-	-	-	-	-	-	-	-
Other cash items	-	-	-	-	-	-	-	-	-
<b>Totex including cash items</b>	<b>93,942</b>	<b>25,889</b>	<b>5,125</b>	<b>191,092</b>	<b>8,600</b>	<b>4,664</b>	<b>16,289</b>	<b>5,817</b>	<b>351,418</b>

	Network+ Sewage collection			Network+ Sewage treatment			Bioresources		Total £m
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Imported sludge liquor treatment £m	Sludge transport £m	Sludge treatment £m	Sludge disposal £m	
<b>Atypical expenditure</b>	-	-	-	-	-	-	-	-	-
<b>Total atypical expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Operating expenditure

Overall costs of £149,754 is higher than the FD of £97,19. This has been driven by the increased power usage due to the wetter than usual year and the increased cost per unit of electricity. Additionally, a significant increase in headcount throughout the service drove up total costs in the area.

### Capital expenditure

Gross capital expenditure has increased by £63,312m (£207,088m in 2023/24 and £143,774m in 2022/23). The increase in expenditure is driven by sewage treatment and disposal and foul.

The increase in base expenditure is driven by an increase in reactive works in the form of additional sewer collapse and other repairs, additional mechanical and electrical works undertaken as part of improved pumping station site MOTs. There were also increases in pollution reduction works. An increase in spend on our Waterfit (Rivers) programme, saw us complete 135.9km of CCTV, 15.2km of lining, and 280 patches, all significant increases over the prior year.

The increase in enhanced expenditure is driven by increases in legislative shellfish water expenditure as well as an increase in expenditure on phosphorus removals. Sewer depth monitors to reduce pollutions and increases in storm storage to mitigate spills have also driven significant increases in expenditure.

**TABLE 4F – Major project expenditure for wholesale water by purpose**

South West Water does not have any Water projects that satisfy the Ofwat definition of a major project in the context of table 4F.

**TABLE 4G – Major project expenditure for wholesale wastewater by purpose**

South West Water does not have any Wastewater projects that satisfy the Ofwat definition of a major project in the context table 4G.

**TABLE 4H – Financial metrics as at 31 March 2024**

The Financial metrics table contains appointee level information and has been completed on a combined basis (SBB) only, therefore please see page 113 for details.

## I Additional regulatory information – service level – SWB continued

TABLE 4I – Financial derivatives

Derivative type	Financial derivatives – Total								
	Nominal value by maturity (net) at 31 March				Total value at 31 March			Interest rate	
	0 to 1 years £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m	Nominal value (net) £m	Mark to Market £m	Total accretion at 31 March £m	Payable %	Receivable %
<b>Interest rate swap (sterling)</b>									
Floating to fixed rate	449,400	100,000	30,000	360,000	939,400	(37,625)	–	1.850%	5.191%
Floating from fixed rate	–	–	–	–	–	–	–	–	–
Floating to index linked	–	–	–	–	–	–	–	–	–
Floating from index linked	–	–	–	–	–	–	–	–	–
Fixed to index-linked	–	–	–	–	–	–	–	–	–
Fixed from index-linked	300,000	–	–	–	300,000	4,554	–	7.957%	3.000%
Index-linked to index-linked	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>749,400</b>	<b>100,000</b>	<b>30,000</b>	<b>360,000</b>	<b>1,239,400</b>	<b>(33,071)</b>	<b>–</b>		
<b>Foreign Exchange</b>									
Cross currency swap USD	–	–	–	40,090	40,090	1,895	–		
<b>Total financial derivatives</b>	<b>749,400</b>	<b>100,000</b>	<b>30,000</b>	<b>400,090</b>	<b>1,279,490</b>	<b>(31,176)</b>	<b>–</b>		

The only financial derivatives South West Water have are type D (Other Swaps)

South West Water has rate swaps which are used to swap floating rate and index linked debt. The table above has been compiled on the basis of swap value and maturity, rather than the underlying debt instrument.

TABLE 4J – Base expenditure analysis – water resources and water network+

	Water network+					
	Water resources £m	Raw water distribution £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	Total £m
<b>Operating expenditure</b>						
Power	10,165	1,057	–	32,047	6,107	<b>49,376</b>
Income treated as negative expenditure	(0,959)	(0,106)	–	(0,050)	0,001	<b>(1,114)</b>
Bulk supply	–	–	–	–	–	–
Renewals expensed in year (infrastructure)	–	–	–	–	3,855	<b>3,855</b>
Renewals expensed in year (non-infrastructure)	–	–	–	–	–	–
Other operating expenditure	10,885	1,324	–	36,702	23,486	<b>72,397</b>
Local authority and Cumulo rates	1,640	0,480	–	2,165	12,842	<b>17,127</b>
<b>Service charges</b>						
Canal & River Trust abstraction charges/discharge consents	–	–	–	–	–	–
Environment Agency/NRW abstraction charges/discharge consents	5,231	0,375	–	0,306	0,091	<b>6,003</b>
Other abstraction charges/discharge consent	–	–	–	–	–	–
<b>Other operating expenditure</b>						
Costs associated with Traffic Management Act	–	–	–	–	0,834	<b>0,834</b>
Costs associated with lane rental schemes	–	–	–	–	–	–
Statutory water softening	–	–	–	–	–	–
<b>Total base operating expenditure</b>	<b>26,962</b>	<b>3,130</b>	<b>–</b>	<b>71,170</b>	<b>47,216</b>	<b>148,478</b>
<b>Capital expenditure</b>						
Maintaining the long term capability of the assets – infra	0,428	0,018	–	0,396	48,165	<b>49,007</b>
Maintaining the long term capability of the assets – non-infra	5,398	–	–	42,120	9,939	<b>57,457</b>
<b>Total base capital expenditure</b>	<b>5,826</b>	<b>0,018</b>	<b>–</b>	<b>42,516</b>	<b>58,104</b>	<b>106,464</b>
<b>Traffic Management Act</b>						
Projects incurring costs associated with Traffic Management Act	–	–	–	–	4,597	<b>4,597</b>

Total operating expenditure has decreased by £4.396m from £152.874m in 2022/23 to £148.478m in 2023/24. Largely driven by the removal of the drought conditions and the reduced need for the tankers and other supplies to support key areas around Colliford.

Base capital expenditure has increased by £21.787m from £84.677m in 2022/23 to £106.464m in 2023/24, this is our peak investment year for the company. This has been driven by the continued build programme of Alderney WTW, together with further investment in the leakage programme of detection and repair to ensure delivery of ODI targets as well as detection and repair driven by increases in burst mains and communications pipe activity.

## I Additional regulatory information – service level – SWB continued

**TABLE 4K – Base expenditure analysis – wastewater network+ and bioresources**

	Expenditure in report year								Total £m
	Wastewater network+					Bioresources			
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Sludge liquor treatment £m	Sludge Transport £m	Sludge Treatment £m	Sludge Disposal £m	
<b>Operating expenditure</b>									
Power	12.060	3.174	0.635	25.642	3.646	–	3.273	0.005	<b>48.435</b>
Income treated as negative expenditure	0.001	–	–	0.002	–	–	(0.202)	–	<b>(0.199)</b>
Bulk supply	–	–	–	–	–	–	–	–	–
Renewals expensed in year (infrastructure)	2.523	0.664	0.133	–	–	–	–	–	<b>3.320</b>
Renewals expensed in year (non-infrastructure)	–	–	–	–	–	–	–	–	–
Other operating expenditure	13.102	3.590	0.718	49.801	0.469	4.664	8.882	5.804	<b>87.030</b>
Local authority and Cumulo rates	0.128	0.034	0.007	5.108	–	–	1.469	0.008	<b>6.754</b>
<b>Service Charges</b>									
Canal & River Trust discharge consents	–	–	–	–	–	–	–	–	–
Environment Agency/ NRW discharge consents	0.980	0.261	–	2.933	–	–	–	–	<b>4.174</b>
Other discharge charges/permits	–	–	–	–	–	–	–	–	–
<b>Other expenditure</b>									
Costs associated with Traffic Management Act	–	–	–	–	–	–	–	–	–
Costs associated with lane rental schemes	–	–	–	–	–	–	–	–	–
Costs associated with Industrial Emissions Directive	–	–	–	–	–	–	–	–	–
<b>Total base operating expenditure</b>	<b>28.794</b>	<b>7.723</b>	<b>1.493</b>	<b>83.486</b>	<b>4.115</b>	<b>4.664</b>	<b>13.422</b>	<b>5.817</b>	<b>149.514</b>
<b>Capital expenditure</b>									
Maintaining the long term capability of the assets – infra	23.057	6.068	1.214	0.196	0.008	–	–	–	<b>30.543</b>
Maintaining the long term capability of the assets – non-infra	15.644	4.117	0.823	60.270	2.511	–	2.867	–	<b>86.232</b>
<b>Total base capital expenditure</b>	<b>38.701</b>	<b>10.185</b>	<b>2.037</b>	<b>60.466</b>	<b>2.519</b>	<b>–</b>	<b>2.867</b>	<b>–</b>	<b>116.775</b>
<b>Traffic Management Act</b>									
Projects incurring costs associated with Traffic Management Act	–	–	–	–	–	–	–	–	–
<b>Operating expenditure (AMP 7 shadow reported values)</b>									
Power	0.239	0.063	0.013	0.508	0.072	–	0.065	–	<b>0.960</b>
Income treated as negative expenditure	–	–	–	–	–	–	(0.960)	–	<b>(0.960)</b>

Total operating costs have increased by £11.053m from £138.461m in 2022/23 to £149.514 in 2023/24. These increases were mainly driven by an increase in power costs, and an increase in consumption increase due to the exceptionally wet weather across the year. Additional spend for pollution prevention measures and additional tankers hired to assist summer movements have driven up expenditure.

Base capital expenditure has increased by £31.538m from £85.237m in 2022/23 to £116.775m in 2023/24 this is our peak investment year for the company. The exceptional weather we have experienced over the year has resulted in additional spend to minimise pollutions and spills, together with additional reactive spend across wastewater treatment works and sewerage networks.



#### 4L – Enhancement expenditure for the 12 months ended 31 March 2024 – water resources and water network+

In accordance with RAG 314, point 2.7, table 4L is not required to be included as part of the APR due to its size.

A summarised version of this table, showing totex, is produced below showing the comparison between cumulative actual spend and cumulative allowed spend in 2023/24 prices.

Line description	Cumulative expenditure on all schemes to reporting year end Total £m	Cumulative allowed expenditure on all schemes to reporting year end Total £m	Cumulative allowed expenditure on all schemes 2020–25 Total £m
<b>EA/NRW environmental programme (WINEP/NEP)</b>			
Ecological improvements at abstractions	2,395	3,062	3,813
Eels Regulations (measures at intakes)	2,172	1,074	1,336
Invasive Non Native Species	1,667	2,026	2,523
Drinking Water Protected Areas (schemes)	2,994	4,456	5,554
Water Framework Directive measures	0,954	0,576	0,718
Investigations	–	–	–
<b>Total environmental programme expenditure</b>	<b>10,182</b>	<b>11,194</b>	<b>13,944</b>
Supply–demand balance			
Supply–side improvements delivering benefits in 2020–2025	52,281	12,604	18,423
Demand–side improvements delivering benefits in 2020–2025 (excl leakage and metering)	3,289	1,962	2,450
Leakage improvements delivering benefits in 2020–2025	–	1,174	1,763
Internal interconnectors delivering benefits in 2020–2025	–	–	–
Supply demand balance improvements delivering benefits starting from 2026	–	–	–
Strategic regional water resources	2,887	4,184	4,897
<b>Total supply demand expenditure</b>	<b>58,457</b>	<b>19,924</b>	<b>27,533</b>
<b>Total metering expenditure</b>			
	<b>20,326</b>	<b>13,638</b>	<b>18,312</b>
Other enhancement			
Improvements to taste, odour and colour	3,604	7,395	9,234
Addressing raw water deterioration (total)	99,527	91,947	120,872
Enhancing resilience to low probability high consequence events	91,782	51,077	66,915
Meeting lead standards (total)	3,711	12,193	17,302
Security – SEMD	0,084	1,592	1,988
Security – Non–SEMD	0,711	1,592	1,988
Additional line 3 – Clean Water Isles of Scilly	5,566	9,021	11,262
<b>Total other enhancement expenditure</b>	<b>204,985</b>	<b>174,817</b>	<b>229,561</b>
<b>Total enhancement expenditure</b>	<b>293,950</b>	<b>219,573</b>	<b>289,350</b>

Funding for improvements with the Final Determination was split for some large projects between base and enhancement. Where the scope has changed on large projects from what was originally planned, we have reviewed the allocation between base and enhancement based on the new planned works.

**Supply side improvements** – Expenditure is significantly higher than allowances reflecting additional water resources developed and commissioned over the past two years. This includes continued spend on repurposed quarry to reservoir at Blackpool Pit and building new pipelines and abstraction point at Porth Rialton. Cumulative expenditure to date at higher than the allowance, this came out of out of necessity following the dry weather conditions in 2022/23.

**Metering expenditure** – The expenditure includes meter renewals delivered under the Green Recovery Programme which was not included in the original allowance. Additionally, the cost of individual meter replacements is higher than originally planned.

**Improvements to taste, odour and colour** – Investments include targeted mains replacements as supported by the DWI. There is an underspend compared to the allowance, however we are delivering new GAC processes at Stithians WTW and Littlehempston WTW which among other things will reduce the likelihood of taste and odour compounds in the water - that expenditure is included in Addressing raw water deterioration (grey solutions). Additionally Upstream Thinking Investment which is allocated to Addressing raw water deterioration (green solutions) has a positive impact on taste and odour.

## I Additional regulatory information – service level – SWB continued

### TABLE 4L – commentary continued

**Addressing raw water deterioration** – The DWI supported investments at Littlehempston, Restormel, Stithians and St Cleer are included here. 36% of the costs of new water treatment works at Knapp Mill and Alderney are apportioned here. This is an increase from 20% last year following a review of how the changes in scope during project development reflect base or enhancement expenditure.

**Enhancing resilience to low probability high consequence events** – Our programme includes prevention of flooding at four sites, improvements in operational technology control system networks at water treatment works and network enhancements to reduce customer single source exposure phased evenly over the regulatory period. This is in addition to 55% of expenditure at new water treatment works Knapp Mill and Alderney, an increase from 30% last year following a review of how the changes in scope during project development reflect base or enhancement expenditure. Furthermore, following the dry weather conditions in 2022/23, we are investing in a new desalination plant to increase water resources and break the cycle of drought. As a result of the new water treatment works increased enhancement spend and the addition of the desalination plant that was not in the original allowance, cumulative expenditure is over the cumulative allowance.

**Metering lead standards** – Expenditure to date on communication pipe replacement or relining for water quality reasons has been partially allocated to meeting lead standards. Green Recovery lead pipe replacement has also been included in this line.

**Isles of Scilly** – Investments on the Isles of Scilly continue to focus on implementing improvements within the sewerage system and pumping stations and a significantly upgraded wastewater treatment works on St Marys. Expenditure to date has focused on setting up an enhanced operational presence on the islands and resolving legacy issues and recorded as base expenditure. The majority of enhanced investments are being planned for delivery by the end of 2025.

#### 4M – Enhancement expenditure for the 12 months ended 31 March 2024 – wastewater network+ and bioresources

In accordance with RAG 314, point 2.7, table 4M is not required to be included as part of the APR due to its size.

A summarised version of this table, showing totex, is produced below showing the comparison between cumulative actual spend and cumulative allowed spend in 2023/24 prices.

Line description	Cumulative expenditure on all schemes to reporting year end	Cumulative allowed expenditure on all schemes to reporting year end	Cumulative allowed expenditure on all schemes 2020–25
	Total £m	Total £m	Total £m
<b>EA/NRW environmental programme (WINEP/NEP)</b>			
Conservation drivers	0.205	4.610	<b>5.271</b>
Event Duration Monitoring at intermittent discharges	6.842	5.223	<b>5.973</b>
Flow monitoring at sewage treatment works	18.498	1.776	<b>2.031</b>
Schemes to increase flow to full treatment	28.764	32.021	<b>36.614</b>
Schemes to increase storm tank capacity	29.615	19.383	<b>22.164</b>
Total for storage schemes in the network to reduce spill frequency at CSOs etc (grey + green)	51.058	51.344	<b>59.096</b>
Chemical removals schemes	–	2.764	<b>3.160</b>
Chemicals monitoring/ investigations/ options appraisals	0.756	2.943	<b>3.365</b>
Phosphorus removal	23.543	29.999	<b>34.302</b>
Reduction of sanitary parameters	1.975	11.498	<b>13.147</b>
UV disinfection (or similar)	0.624	1.087	<b>1.242</b>
Investigations	3.714	3.612	<b>4.130</b>
<b>Total environmental programme expenditure</b>	<b>165.594</b>	<b>166.260</b>	<b>190.495</b>
<b>Other enhancement</b>			
First time sewerage	0.697	1.103	<b>1.261</b>
Enhancing resilience to low probability high consequence events	2.669	3.978	<b>4.549</b>
Security – SEMD	0.093	0.039	<b>0.044</b>
Security – Non-SEMD	0.122	0.039	<b>0.044</b>
Additional line 1 – WW Bathing and Shellfish Waters additional requirements	–	–	–
Additional line 2 – Downstream thinking	1.074	–	–
Additional line 3 – WW Isles of Scilly	1.316	8.359	<b>9.682</b>
Additional line 5 – Green recovery	–	–	–
<b>Total other enhancement expenditure</b>	<b>5.971</b>	<b>13.518</b>	<b>15.580</b>
<b>Total enhancement expenditure</b>	<b>171.565</b>	<b>179.778</b>	<b>206.075</b>

Cumulative expenditure is lower than the allowed profile, but higher in year at 218% reflecting a different profile of delivery agreed with the Environment Agency compared to that assumed in the determination. Enhancement projects associated with phosphorus and reduction of sanitary parameters currently have lower spend than that allowed but these schemes are progressing well and costs are likely to fall into the 2024/25 financial reporting year.

Expenditure over the 5-year regulatory period is expected to be higher than the allowance due to cost pressures and additional WaterFit commitments to support our environmental goals.

Funding for improvements with the Final Determination was split for some large projects between base and enhancement. For consistency we have treated those projects the same, using the same allocation to base and enhanced.

The summary table below shows the cumulative expenditure as a proportion of allowed expenditure by year. We have not included the reducing flooding risk expenditure cumulative totals in line with Ofwat's table. However, we believe this activity is enhancement spend by nature and has contributed to our leading position regarding external sewer flooding. For information the summary tables below show what the cumulative enhanced spend would have been had it included the additional reduction of flooding risk activity.

Wastewater enhancement	2020/21	2021/22	2022/23	2023/24
Excluding reduce flooding risk	40.7%	38.3%	62.9%	95.4%
Including reduce flooding risk	62.8%	52.6%	74.1%	100.4%

## I Additional regulatory information – service level – SWB continued

**TABLE 4M – commentary**

**Conservation drivers** – This includes planned expenditure at wastewater treatment sites to support the control of non-native species at location of sites of special scientific interest. Expenditure to date on control of non-native species has focused on reservoirs and rivers where the risk is greatest, and these costs are shown within the water enhancement table.

**Event duration monitors (EDMs)** – This includes planned expenditure over the regulatory period to install EDMs at combined sewer overflows. EDMs are being installed to provide spill data to the Environment Agency and allow us to better understand the requirements to reduce or mitigate the associated spills. We have expanded our plans to include Live Spill reporting in the future to support our environmental ambitions. The cumulative expenditure is therefore higher than allowances.

**Flow monitoring at sewage treatment works** – This includes significant expenditure on Sewer Level Monitors that were not in the original plan. Following the installation and positive impact of 9,000 monitors completed in the year, work commenced on the deployment of a further 11,000 monitors with 3,000 accelerated to be included in this year too. The investment aims to support a more proactive management regime on the sewer network and further address the blockage, flooding, and sewer mechanism.

**Schemes to increase flow to full treatment** – Investments covered within the WINEP U\_IMP5 driver and the upsizing of 15 sites to increase the flow to full treatment (FFT) to meet updated EA guidance. This was profiled evenly in the determination, but subsequently an updated profile was agreed with the EA with dates weighted towards the last three years, reflecting the lower spend to date compared to allowances. To date 10 have been completed with the eleventh site pending completion.

**Schemes to increase storm tank capacity** – Our agreed programme with the EA to identify the highest priority sites requiring increased storm tank capacity at wastewater treatment works with the spend profiled evenly over the final 3 years of the AMP. Of the 58 sites identified in the WINEP, 38 have been completed so far with the remainder on track for delivery before March 2025.

**Total for storage schemes in the network to reduce spill frequency at CSOs** – This programme included storage schemes on the network to reduce spill frequency at combined sewer overflows primarily at key bathing and shellfish waters. In the year, key investments have been completed at St Mawes, Cornwall and Malborough, Devon. For shellfish waters all schemes were delivered except Exmouth where whilst we have completed some substantive works in the catchment, the final solution is more complex and is linked to significant investment plans in the next regulatory period however, further expenditure will be undertaken in the next year exceeding the allowances to 2025.

**Chemical removals schemes** – This relates to schemes at Pelynt and Looe in Cornwall regarding the potential for elevated levels of zinc and tributyltin to be present. Sampling has indicated that the original need is not required, however regular monitoring takes place to ensure that the chemical levels remain below requirements. Therefore these costs are not required and will be utilised to support additional expenditure requirements above allowances elsewhere in the wastewater enhanced programme.

**Phosphorus removal** – This includes investments to remove phosphorus at activated sludge and filter bed sewage treatment works including nature based-solutions and installation of chemical dosing plants and tertiary solids removal at 33 sites. To date 4 have been completed, however expenditure to date includes significant investigations at all sites to establish the appropriate solution. We remain on track for completion ahead of agreed regulatory deadlines. There are a further 21 in progress, with 17 due to be completed in year 5, with a further 8 where work is yet to commence.

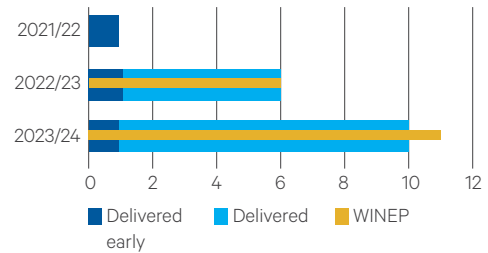
**Reduction of sanitary parameters** – The programme includes the reduction on sanitary parameters including ammonia and biochemical oxygen demand at seven wastewater treatment sites and includes the installation of additional biological treatment. Expenditure to date relates to improvements at Kilmington wastewater treatment works and Luxulyan wastewater treatment works at St Austell. The most significant investment planned is at Gwennap wastewater treatment works.

**Isles of Scilly** – Investments continue to be focused on delivery of improved automation and control of key assets, water sampling to inform future treatment options, water resource modelling and ongoing investigations into providing a reliable and resilient robust wastewater treatment on all five inhabited islands.

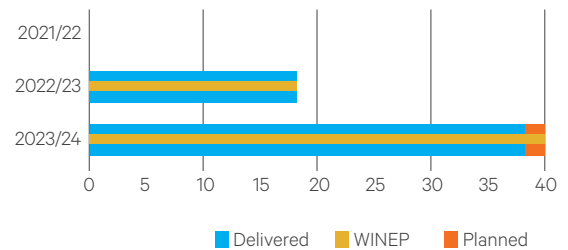
In the period South West Water has also successfully delivered a number of short-term interventions to improve water quality, the most notable of which was a Radon reduction scheme on St Marys, further interventions to improve water quality are currently being progressed on all other islands.

Work continues in the areas of design engineering, procurement and construction. This to support the completion of the next phase of the programme which aims to deliver significantly improved water treatment to all islands in period of 2024 - 2026.

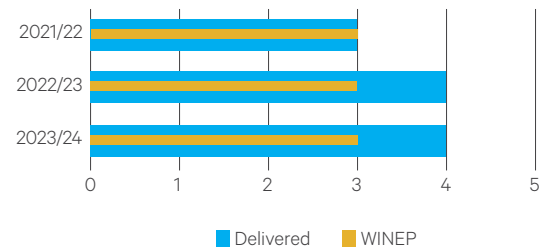
**Flow to full treatment**



**Storm tank capacity**



**Phosphorus schemes**



**TABLE 4N – Developer services expenditure – water resources and water network+**

	Treated water distribution		TOTEX £m
	CAPEX £m	OPEX £m	
New connections	5,099	0,498	<b>5,597</b>
Requisition mains	3,939	–	<b>3,939</b>
Infrastructure network reinforcement	0,249	–	<b>0,249</b>
s185 diversions	–	2,382	<b>2,382</b>
Other price controlled activities	–	–	–
<b>Total developer services expenditure</b>	<b>9,287</b>	<b>2,880</b>	<b>12,167</b>

New connection capital costs have reduced by £0.365m, driven by the slowdown in the housing market. Mains requisitions have also reduced by £0.198 for the same reason. Infrastructure reinforcement has increased by £0.215 because of network reinforcement and new development assessment activity increasing in certain areas in line with our DWMP. The largest network reinforcement activity works in the year was in the Sheepwash area.

**TABLE 4O – Developer services expenditure – wastewater network+ and bioresources**

	Wastewater network+					Total £m
	Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Sludge liquor treatment £m	
<b>CAPEX</b>						
New connections	–	–	–	–	–	–
Requisition sewers	2,179	0,557	0,111	–	–	<b>2,847</b>
Infrastructure network reinforcement	1,956	0,515	0,103	–	–	<b>2,574</b>
s185 diversions	–	–	–	–	–	–
Other price controlled activities	–	–	–	–	–	–
<b>Total developer services capex</b>	<b>4,135</b>	<b>1,072</b>	<b>0,214</b>	–	–	<b>5,421</b>
<b>OPEX</b>						
New connections	0,032	–	–	–	–	<b>0,032</b>
Requisition sewers	–	–	–	–	–	–
Infrastructure network reinforcement	–	–	–	–	–	–
s185 diversions	0,033	–	–	–	–	<b>0,033</b>
Other price controlled activities	0,056	–	–	–	–	<b>0,056</b>
<b>Total developer services OPEX</b>	<b>0,121</b>	–	–	–	–	<b>0,121</b>
<b>TOTEX</b>						
<b>Total developer services expenditure</b>	<b>4,256</b>	<b>1,072</b>	<b>0,214</b>	–	–	<b>5,542</b>

A slowdown in the housing market has driven the decrease in requisition sewers expenditure within developer services.

For Infrastructure network reinforcement, although the volume of projects has decreased, the reinforcement projects this year have had more significant levels of expenditure, resulting in the overall increase.

## I Additional regulatory information – service level – SWB continued

**TABLE 4P – Expenditure on non-price control diversions**

	Water resources £m	Water network+ £m	Wastewater network+ £m	<b>Total £m</b>
<b>CAPEX</b>				
Costs associated with NSWRA diversions	–	–	–	–
Costs associated with other non-price control diversions	–	–	–	–
Other developer services non-price control totex	–	–	–	–
Developer Services Non Price Control Capex	–	–	–	–
<b>OPEX</b>				
Costs associated with NSWRA diversions	–	0.484	0.119	<b>0.603</b>
Costs associated with other non-price control diversions	–	–	–	–
Other developer services non-price control totex	–	–	–	–
Developer Services Non Price Control Opex	–	0.484	0.119	<b>0.603</b>
<b>Non-price control diversions</b>				
Costs associated with NSWRA diversions	–	0.484	0.119	<b>0.603</b>
Costs associated with other non-price control diversions	–	–	–	–
Other developer services non-price control totex	–	–	–	–
<b>Developer services non-price control totex</b>	–	0.484	0.119	<b>0.603</b>

Diversions are all treated as operating costs. The reduction year on year is due to exceptional highways schemes in the prior year.

**TABLE 4Q – Developer services – Non financial information**

	Water nr	Wastewater nr	<b>Total nr</b>
<b>Connections volume data</b>			
New connections (residential – excluding NAVs)	6,645	5,487	<b>12,132</b>
New connections (business – excluding NAVs)	897	161	<b>1,058</b>
<b>Total new connections served by incumbent</b>	<b>7,542</b>	<b>5,648</b>	<b>13,190</b>
<b>New connections – SLPs</b>	903		
<b>Properties volume data</b>			
New properties (residential – excluding NAVs)	6,645	5,487	<b>12,132</b>
New properties (business – excluding NAVs)	897	161	<b>1,058</b>
<b>Total new properties served by incumbent</b>	<b>7,542</b>	<b>5,648</b>	<b>13,190</b>
New residential properties served by NAVs	333	434	<b>767</b>
New business properties served by NAVs	–	–	–
<b>Total new properties served by NAVs</b>	<b>333</b>	<b>434</b>	<b>767</b>
<b>Total new properties</b>	<b>7,875</b>	<b>6,082</b>	<b>13,957</b>
<b>New properties – SLP connections</b>	903		
<b>New water mains data</b>			
Length of new mains (km) – requisitions	20		
Length of new mains (km) – SLPs	13		

**TABLE 4R – Connected properties, customers and population**

	Units	Unmeasured	Measured	Total	Voids
<b>Customer numbers – average during the year</b>					
Residential water only customers	000s	79,242	192,595	<b>271,837</b>	1,774
Residential wastewater only customers	000s	2,057	2,989	<b>5,046</b>	0,113
Residential water and wastewater customers	000s	86,851	646,898	<b>733,749</b>	6,759
<b>Total residential customers</b>	<b>000s</b>	<b>168,150</b>	<b>842,482</b>	<b>1010,632</b>	<b>8,646</b>
Business water only customers	000s	1,530	34,784	<b>36,314</b>	3,595
Business wastewater only customers	000s	0,616	0,234	<b>0,850</b>	0,108
Business water & wastewater customers	000s	1,467	39,380	<b>40,847</b>	2,003
<b>Total business customers</b>	<b>000s</b>	<b>3,613</b>	<b>74,398</b>	<b>78,011</b>	<b>5,706</b>
<b>Total customers</b>	<b>000s</b>	<b>171,763</b>	<b>916,880</b>	<b>1088,643</b>	<b>14,352</b>

Property numbers – average during the year	Units	Water			Wastewater		
		Unmeasured	Measured	Total	Unmeasured	Measured	Total
Residential properties billed	000s	166,093	839,493	<b>1005,586</b>	88,908	649,887	<b>738,795</b>
Residential void properties	000s			<b>8,533</b>			<b>6,872</b>
Total connected residential properties	000s			<b>1,014,119</b>			<b>745,667</b>
Business properties billed	000s	2,997	74,164	<b>77,161</b>	2,084	39,614	<b>41,698</b>
Business void properties	000s			<b>5,598</b>			<b>2,111</b>
<b>Total connected business properties</b>	<b>000s</b>			<b>82,759</b>			<b>43,809</b>
<b>Total connected properties</b>	<b>000s</b>			<b>1,096,878</b>			<b>789,476</b>

Property and meter numbers – at end of year (31 March)	Units	Water									Wastewater	
		No meter	Unmeasured			Total	Measured			Total	Total	
			Basic meter	AMI Meter (capable)	AMI Meter (active)		Basic meter	AMR Meter (capable)	AMI Meter (active)			
Total new residential properties connected in year	000s	–	–	–	–	–	6,645	–	–	<b>6,645</b>	<b>6,645</b>	
Total new business properties connected in year	000s	–	–	–	–	0,027	0,818	0,052	–	<b>0,897</b>	<b>0,897</b>	
Residential properties billed at year end	000s	145,653	14,060	5,017	0,005	<b>164,735</b>	626,965	–	188,422	28,895	<b>844,282</b>	<b>1,009,017</b>
Residential void properties at year end	000s					<b>5,552</b>						
Total connected residential properties at year end	000s					<b>170,287</b>						
Business properties billed at year end	000s	2,983	–	–	–	<b>2,983</b>						
Business void properties at year end	000s					<b>0,859</b>						
<b>Total connected business properties at year end</b>	<b>000s</b>					<b>3,842</b>				<b>78,785</b>	<b>82,627</b>	
<b>Total connected properties at year end</b>	<b>000s</b>					<b>174,129</b>				<b>925,937</b>	<b>1,100,066</b>	

Population data	Units	Water	Wastewater
Resident population	000s	2294,439	1,673,346
Non-resident population	000s		139,445

Household population data	Units	DPs	Water		Total
			Resident population	Non-resident population	
Household population	000s	3	2,249,511	72,050	<b>2,321,561</b>
Household measured population (water only)	000s	3	1,885,089	60,378	<b>1,945,467</b>
Household unmeasured population (water only)	000s	3	364,423	11,672	<b>376,095</b>

There are no unmeasured new connections in 2023/24. In line with South West Water's policy during the year, all new connections have an AMR or AMI meter installed and as such all new meters are smart meters. In accordance with Ofwat's "IN 23/03 Expectations for monopoly company annual reporting 2022-23", we can confirm our total connected properties do not include cattle troughs in the current reporting year.

## I Additional regulatory information – service level – SWB continued

### Green Recovery

As a result of the additional expenditure allowed by Ofwat following the submission of our Green Recovery plans, three additional tables are required showing expenditure and the impact on RCV arising from Green Recovery. In addition tables 10A and 10D show the associated operational metrics. South West Water has also published an additional document with further commentary on the five individual projects which can be found on our website.

All expenditure related to Green Recovery reflects a timing of spend within the regulatory period and therefore no change in the expected shadow RCV to be added for PR24 is shown on table 4U.

**TABLE 4S – Green recovery expenditure – water resources and water network+ for the 12 months ended 31 March 2024**

		Expenditure in report year						
		Water network+						
Line description		Units	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total
<b>Green recovery programme</b>								
Catchment Management	Capex	£m	0.130	–	–	0.147	–	<b>0.277</b>
Catchment Management	Opex	£m	–	–	–	–	–	–
<b>Catchment Management</b>	<b>Totex</b>	<b>£m</b>	<b>0.130</b>	<b>–</b>	<b>–</b>	<b>0.147</b>	<b>–</b>	<b>0.277</b>
Water Resource Grid Enablement	Capex	£m	3.304	10.234	–	–	–	<b>13.538</b>
Water Resource Grid Enablement	Opex	£m	–	–	–	–	–	–
<b>Water Resource Grid Enablement</b>	<b>Totex</b>	<b>£m</b>	<b>3.304</b>	<b>10.234</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13.538</b>
Knapp Mill WTW	Capex	£m	–	–	–	9.711	–	<b>9.711</b>
Knapp Mill WTW	Opex	£m	–	–	–	–	–	–
<b>Knapp Mill WTW</b>	<b>Totex</b>	<b>£m</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9.711</b>	<b>–</b>	<b>9.711</b>
Smarter Healthier Homes	Capex	£m	–	–	–	–	4.941	<b>4.941</b>
Smarter Healthier Homes	Opex	£m	–	–	–	–	–	–
<b>Smarter Healthier Homes</b>	<b>Totex</b>	<b>£m</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4.941</b>	<b>4.941</b>
<b>Total green recovery programme capex</b>	<b>Capex</b>	<b>£m</b>	<b>3.434</b>	<b>10.234</b>	<b>–</b>	<b>9.858</b>	<b>4.941</b>	<b>28.467</b>
<b>Total green recovery programme opex</b>	<b>Opex</b>	<b>£m</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total green recovery programme expenditure</b>	<b>Totex</b>	<b>£m</b>	<b>3.434</b>	<b>10.234</b>	<b>–</b>	<b>9.858</b>	<b>4.941</b>	<b>28.467</b>

The expenditure in table 4S represent items approved by OFWAT under the Green Recovery business plan and align to expenditure within the water enhancement table 4L. Apart from the catch management project which has benefitted from the offset of grant income in the year, all three other schemes have seen increases in expenditure as expected.

There have been no Green Recovery Schemes completed within the past 12 months. These projects are due for completion in later years.



**TABLE 4T – Green recovery expenditure – wastewater network+ and bioresources  
for the 12 months ended 31 March 2024**

Line description			Expenditure in report year							Total	
			Wastewater network+				Bioresources				
Units			Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	
<b>Green recovery programme</b>											
Storm Overflows	Capex	£m	0.988	0.260	0.052	-	-	-	-	-	1.300
Storm Overflows	Opex	£m	-	-	-	-	-	-	-	-	-
<b>Storm Overflows</b>	<b>Totex</b>	<b>£m</b>	<b>0.988</b>	<b>0.260</b>	<b>0.052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.300</b>
<b>Total green recovery programme capex</b>	<b>Capex</b>	<b>£m</b>	<b>0.988</b>	<b>0.260</b>	<b>0.052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.300</b>
<b>Total green recovery programme opex</b>	<b>Opex</b>	<b>£m</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total green recovery programme expenditure</b>	<b>Totex</b>	<b>£m</b>	<b>0.988</b>	<b>0.260</b>	<b>0.052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.300</b>

The expenditure in table 4T represent items approved by OFWAT under the Green Recovery business plan and align to expenditure within the water enhancement table 4M. The storm overflows project is due for completion by March 2025 and therefore is not yet complete.

## I Additional regulatory information – service level – SWB continued

TABLE 4U – Impact of Green recovery on RCV

		12 months ended 31 March 2024			
	Units	Water resources	Water network+	Wastewater network+	Bioresources
<b>Totex – Green recovery</b>					
Approved bid	£m	3,971	26,099	1,534	–
Actual totex	£m	3,434	25,033	1,300	–
<b>Variance</b>	<b>£m</b>	<b>(0.537)</b>	<b>(1,066)</b>	<b>(0.234)</b>	<b>–</b>
Variance due to timing of expenditure	£m	(0.537)	(1,066)	(0.234)	–
<b>Variance due to efficiency</b>	<b>£m</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Customer cost sharing rate – outperformance	%	90.00%	90.00%	90.00%	–
Customer cost sharing rate – underperformance	%	50.00%	50.00%	50.00%	–
<b>Customer share of totex – outperformance</b>	<b>£m</b>	<b>(0.483)</b>	<b>(0.959)</b>	<b>(0.211)</b>	<b>–</b>
<b>Customer share of totex – underperformance</b>	<b>£m</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Company share of totex – outperformance</b>	<b>£m</b>	<b>(0.054)</b>	<b>(0.107)</b>	<b>(0.023)</b>	<b>–</b>
<b>Company share of totex – underperformance</b>	<b>£m</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Increase / decrease in shadow RCV</b>	<b>£m</b>	<b>3.488</b>	<b>25.140</b>	<b>1.323</b>	<b>–</b>
In period funding	£m	–	–	–	–
<b>Net increase / decrease in shadow RCV</b>	<b>£m</b>	<b>3.488</b>	<b>25.140</b>	<b>1.323</b>	<b>–</b>
Price control period to date					
	Units	Water resources	Water network+	Wastewater network+	Bioresources
<b>Totex – Green recovery</b>					
Approved bid	£m	7,783	51,154	7,446	–
Actual totex	£m	7,951	31,921	4,884	–
<b>Variance</b>	<b>£m</b>	<b>0.168</b>	<b>(19,233)</b>	<b>(2,562)</b>	<b>–</b>
Variance due to timing of expenditure	£m	0.168	(19,233)	(2,562)	–
<b>Variance due to efficiency</b>	<b>£m</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Customer cost sharing rate – outperformance	%	90.00%	90.00%	90.00%	–
Customer cost sharing rate – underperformance	%	50.00%	50.00%	50.00%	–
<b>Customer share of totex – outperformance</b>	<b>£m</b>	<b>–</b>	<b>(17,310)</b>	<b>(2,306)</b>	<b>–</b>
<b>Customer share of totex – underperformance</b>	<b>£m</b>	<b>0.084</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Company share of totex – outperformance</b>	<b>£m</b>	<b>–</b>	<b>(1,923)</b>	<b>(0,256)</b>	<b>–</b>
<b>Company share of totex – underperformance</b>	<b>£m</b>	<b>0.084</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Increase/decrease in shadow RCV</b>	<b>£m</b>	<b>7.699</b>	<b>33.844</b>	<b>5.140</b>	<b>–</b>
In period funding	£m	–	–	–	–
<b>Net increase/decrease in shadow RCV</b>	<b>£m</b>	<b>7.699</b>	<b>33.844</b>	<b>5.140</b>	<b>–</b>

4U summarises the expenditure on Green recovery incurred in the year and in the regulatory period 2020-25 to date against the expenditure allowance given by Ofwat. Table 4U estimates an adjustment to RCV based on Green recovery expenditure. The final RCV impact will be calculated as part of the PR19 reconciliation models, with further investment expected during 2024/25.

**TABLE 4V – Mark-to-market of financial derivatives analysed based on payment dates**

	Units	Derivatives – Analysed by earliest payment date				Derivatives – Analysed by expected maturity date			
		Net settled	Gross Settled outflows	Gross Settled inflows	Total	Net settled	Gross Settled outflows	Gross Settled inflows	Total
Due within one year	£m	(12.786)	–	–	<b>(12.786)</b>	(12.786)	–	–	<b>(12.786)</b>
Between one and two years	£m	(1.634)	–	–	<b>(1.634)</b>	(1.634)	–	–	<b>(1.634)</b>
Between two and three years	£m	(2.831)	–	–	<b>(2.831)</b>	(2.831)	–	–	<b>(2.831)</b>
Between three and four years	£m	–	–	–	–	–	–	–	–
Between four and five years	£m	–	–	–	–	–	–	–	–
After five years	£m	(15.821)	44.270	(42.374)	<b>(13.925)</b>	(15.821)	44.270	(42.374)	<b>(13.925)</b>
<b>Total</b>	<b>£m</b>	<b>(33.072)</b>	<b>44.270</b>	<b>(42.374)</b>	<b>(31.176)</b>	<b>(33.072)</b>	<b>44.270</b>	<b>(42.374)</b>	<b>(31.176)</b>

Table 4V summarises the mark-to-market valuation of all derivatives – not just a specific category of swap – according to when they are settled.

**TABLE 4W – Defined Benefit Pension Scheme – Additional Information**

	Units	Defined benefit pension schemes	
		Pension scheme 1	
<b>Scheme details</b>			
Scheme name	Text	Pennon Group Pension Scheme	
Scheme status	Text	Yes & Yes	
<b>Scheme valuation under IAS/IFRS/FRS</b>			
Scheme assets	£m	472.016	
Scheme liabilities	£m	461.200	
<b>Scheme surplus / (deficit) Total</b>	<b>£m</b>	<b>10.816</b>	
Scheme surplus / (deficit) Appointed business	£m	10.383	
Pension deficit recovery payments	£m	–	
<b>Scheme valuation under part 3 of Pensions Act 2004</b>			
Scheme funding valuation date	Date	31/03/2022	
Assets	£m	693.489	
Technical Provisions	£m	686.436	
<b>Scheme surplus / (deficit)</b>	<b>£m</b>	<b>7.053</b>	
Discount rate assumptions	Text	Pre-retirement discount rate: Gilts + 2.50% p.a. Post-retirement discount rate: Gilts + 0.75% p.a.	
<b>Recovery plan (where applicable)</b>			
Recovery Plan Structure	Text	N/A	
Recovery plan end date	Date	N/A	
Asset Backed Funding (ABF) arrangements	Text	N/A	
Responsibility for ABF arrangements	Text	N/A	

The appointed company is part of the Pennon Group Pension Scheme (PGPS). The defined benefit scheme closed to new members and the accrual of future defined benefits from 30 June 2021.

The assets and liabilities of the overall scheme are apportioned to South West Water under IAS 19, based on the split of the liabilities determined as part of the result of the triennial funding valuation carried out at 31 March 2022.

A proportion of the assets and liabilities are allocated to the non-appointed business.

The most recent triennial actuarial valuation of the pension scheme participated in by the company was carried out with a valuation date at 31 March 2022 under the requirements of the Pensions Act 2004.

## I Additional regulatory information – service level – SWB continued

**TABLE 4X – Accelerated infrastructure delivery project expenditure – water resources and water network+ for the 12 months ended 31 March 2024**

		Expenditure in report year					Total £m
		Water network+					
		Water resources £m	Raw water ransport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
<b>Accelerated infrastructure delivery project</b>							
Smart Metering	Capex	-	-	-	-	0.124	<b>0.124</b>
Smart Metering	Opex	-	-	-	-	-	-
Smart Metering	Totex	-	-	-	-	0.124	<b>0.124</b>
<b>Total accelerated programme capex</b>	<b>Capex</b>	-	-	-	-	<b>0.124</b>	<b>0.124</b>
<b>Total accelerated programme opex</b>	<b>Opex</b>	-	-	-	-	-	-
<b>Total accelerated programme expenditure</b>	<b>Totex</b>	-	-	-	-	<b>0.124</b>	<b>0.124</b>

In 2023/24 SWB spent the period preparing for the delivery of the project to start on 1st April 2024. A detailed plan for the DMA installations was created and meters identified, the metering stock was secured with Diehl and Netmore undertook to create a data network in the Colliford area. A tender process was undertaken for the flow regulators, the delivery partners identified and set up the installation bases, and recruited the necessary resource for delivery. Therefore, we expect expenditure to ramp up during 2024/25.

**TABLE 4Y – Accelerated infrastructure delivery project expenditure – wastewater network+ and bioresources**

		Expenditure in report year								Total £m
		Wastewater network+				Bioresources				
		Foul £m	Surface water drainage £m	Highway drainage £m	Sewage treatment and disposal £m	Sludge liquor treatment £m	Sludge transport £m	Sludge treatment £m	Sludge disposal £m	
<b>Accelerated infrastructure delivery project</b>										
Storm Overflows	Capex	0.101	0.026	0.005	-	-	-	-	-	<b>0.132</b>
Storm Overflows	Opex	-	-	-	-	-	-	-	-	-
Storm Overflows	Totex	0.101	0.026	0.005	-	-	-	-	-	<b>0.132</b>
<b>Total accelerated programme capex</b>	<b>Capex</b>	<b>0.101</b>	<b>0.026</b>	<b>0.005</b>	-	-	-	-	-	<b>0.132</b>
<b>Total accelerated programme opex</b>	<b>Opex</b>	-	-	-	-	-	-	-	-	-
<b>Total accelerated programme expenditure</b>	<b>Totex</b>	<b>0.101</b>	<b>0.026</b>	<b>0.005</b>	-	-	-	-	-	<b>0.132</b>

In 2023/24 SWB spent the period preparing for the delivery of the project to start on 1st April 2024.



# Additional regulatory information – water resources – SWB

**TABLE 5A – Water resources asset and volumes data**

	Units	Input
<b>Water resources</b>		
Water from impounding reservoirs	MI/d	133.14
Water from pumped storage reservoirs	MI/d	3.46
Water from river abstractions	MI/d	511.45
Water from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	MI/d	52.53
Water from artificial recharge (AR) water supply schemes	MI/d	–
Water from aquifer storage and recovery (ASR) water supply schemes	MI/d	–
Water from saline abstractions	MI/d	0.58
Water from water reuse schemes	MI/d	–
Number of impounding reservoirs <sup>1</sup>	nr	15
Number of pumped storage reservoirs <sup>1</sup>	nr	–
Number of river abstractions	nr	16
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	nr	48
Number of artificial recharge (AR) water supply schemes	nr	–
Number of aquifer storage and recovery (ASR) water supply schemes	nr	–
Number of saline abstraction schemes	nr	5
Number of reuse schemes	nr	–
Total number of sources	nr	84
Total number of water reservoirs <sup>1</sup>	nr	23
Total volumetric capacity of water reservoirs	MI	120,055
Total number of intake and source pumping stations	nr	72
Total installed power capacity of intake and source pumping stations	kW	10,025
Total length of raw water abstraction mains and other conveyors	km	84.74
Average pumping head – raw water abstraction	m.hd	7.01
Energy consumption – raw water abstraction	MWh	8,587.705
Total number of raw water abstraction imports	nr	–
Water imported from third parties' raw water abstraction systems	MI/d	–
Total number of raw water abstraction exports	nr	–
Water exported to third parties' from raw water abstraction systems	MI/d	–
Water resources capacity (measured using water resources yield)	MI/d	745.81
<b>Total number of completed investigations (WINEP/NEP), cumulative for AMP</b>	<b>nr</b>	<b>306</b>

1. In addition to South West Water's impounding reservoirs, the total number of water reservoirs also includes a number of reservoirs where water is mixed with river water prior to treatment. These are excluded under the Regulatory Accounting Guidelines under a change in definition for this regulatory period, but are included within the 'total number of water reservoirs'. Two reservoirs previously included within the total number of water reservoirs are now shown as 'balancing reservoirs' in table 6A.

TABLE 5B – Water resources operating cost analysis

	Impounding reservoir £m	Pumped storage £m	River abstractions £m	Groundwater, excluding MAR water supply £m	Artificial Recharge (AR) water supply schemes £m	Aquifer Storage and Recovery (ASR) water supply schemes £m	Other £m	Total £m
Power	1,671	1,156	6,530	0,809	–	–	–	10,166
Income treated as negative expenditure	(0,177)	(0,008)	(0,690)	(0,085)	–	–	–	(0,960)
Abstraction charges/ discharge consents	0,962	0,042	3,761	0,466	–	–	–	5,231
Bulk supply	–	–	–	–	–	–	–	–
<b>Other operating expenditure</b>								
Renewals expensed in year (Infrastructure)	–	–	–	–	–	–	–	–
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	–	–	–	–
Other operating expenditure excluding renewals	2,304	0,100	9,004	1,115	–	–	–	12,523
Local authority and Cumulo rates	0,302	0,013	1,179	0,146	–	–	–	1,640
<b>Total operating expenditure (excluding third party)</b>	<b>5,062</b>	<b>1,303</b>	<b>19,784</b>	<b>2,451</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>28,600</b>

This table provides a detailed breakdown of water resources related operating expenditure shown within table 4D. Costs are allocated to activity types using proportion of distribution in volumes.

Total costs have increased from £26.167m in 2022/23 to £28.600m in 23/24. An increase of £2.432m. This has largely been driven by an increase in Water resource & efficiency related spend compared to the previous year in a strategic move against future drought conditions. These increases have been offset by the reduced need for additional abstraction permits & an overall decrease in rates.

# Additional regulatory information – water network plus – SWB

**TABLE 6A – Raw water transport, raw water storage and water treatment data**

	Units	Input
Raw water transport and storage		
Total number of balancing reservoirs	nr	2
Total volumetric capacity of balancing reservoirs	MI	570
Total number of raw water transport stations	nr	24
Total installed power capacity of raw water transport pumping stations	kW	16,539
Total length of raw water transport mains and other conveyors	km	262.46
Average pumping head – raw water transport	m.hd	37.03
Energy consumption – raw water transport	MWh	38,982.747
Total number of raw water transport imports	nr	–
Water imported from third parties' raw water transport systems	MI/d	–
Total number of raw water transport exports	nr	–
Water exported to third parties' raw water transport systems	MI/d	–
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	km	–

	Surface water		Ground water	
	Water treated MI/d	Number of works	Water treated MI/d	Number of works
<b>Water treatment – treatment type analysis</b>				
All simple disinfection works	–	–	16.73	3
W1 works	–	–	–	–
W2 works	–	–	–	1
W3 works	170.94	10	–	–
W4 works	1.65	1	21.93	5
W5 works	423.49	13	10.96	8
W6 works	0.54	1	–	–

<b>Water treatment – works size</b>	% of total DI	Number of works
WTWs in size band 1	0.4	10
WTWs in size band 2	0.6	4
WTWs in size band 3	2.1	3
WTWs in size band 4	13.0	10
WTWs in size band 5	20.2	7
WTWs in size band 6	16.2	3
WTWs in size band 7	47.5	5
WTWs in size band 8	–	–

<b>Water treatment – other information</b>	Units	Input
Peak week production capacity	MI/d	897.12
Peak week production capacity having enhancement expenditure for grey solution improvements to address raw water quality deterioration	MI/d	416.80
Peak week production capacity having enhancement expenditure for green solutions improvements to address raw water quality deterioration	MI/d	726.50
Total water treated at more than one type of works	MI/d	–
Number of treatment works requiring remedial action because of raw water deterioration	nr	2
Zonal population receiving water treated with orthophosphate	000's	1,436.889
Average pumping head – water treatment	m.hd	8.35
Energy consumption – water treatment	MWh	114,064.490
Total number of water treatment imports	nr	–
Water imported from third parties' water treatment works	MI/d	–
Total number of water treatment exports	nr	–
Water exported to third parties' water treatment works	MI/d	–



There was one change to treatment type during 2023/24. This was due to installation of GAC under base funding at Horedown WTW due to an unprecedented challenge from algae taste and odour causing compounds. This was commissioned into supply in 2023/24. The number of treatment works remains at a total of 42.

There was one WTW that was not used in the year, but not decommissioned. This was Ampress WTW, where we are continuing to seek approval of our updated discharge consent before being able to operate the site. The site remains in working, operable, condition.

The size bands materially changed for 2023/24 following the Ofwat guidance change in April 2023, which indicated a change from 'Maximum Production Capacity MI/d' to 'Peak Weak Production Capacity' (PWPC).

We interpret these as different measures of output, maximum production capacity is the absolute maximum design capacity that may only be sustainable for a short duration, whereas PWPC is the sustained max output over a week. In our APR 2022/23 we used 'Maximum Production Capacity MI/d'. The definition change effects the size band of 4 of our smaller water treatment works.

The average daily distribution input for 2023/24 was 646.24 MI/d, predominantly from surface water sources in the size bands 4-7 (8 to 128 MI/d). This was unaffected by the size band definition change. This compares to 655.07 MI/d for 2022/23.

Overall, there was no change in company PWPC for 2023/24, with a figure of 897.12 MI/d.

The PWPC element of the compliance checklist for Unplanned Outage has been assessed as amber. Whilst the PWPC is defined for each production site and water resource zone (WRZ), there are a number of sites where the PWPC has not been evidenced by actual output data and a capacity test has not been undertaken. Capacity tests for these sites are planned in 2024/25, which is within the five-year period of the measure coming into effect at the start of regulatory period 2020-25.

There was a total of six treatment works having enhancement expenditure on improvements to address raw water quality deterioration in 2023/24. This includes new GAC and UV processes at Stithians WTW and Littlehempston WTW, new dedicated manganese removal processes at Restormel WTW and St Cleer WTW, and new membrane and GAC processes at Alderney WTW and Knapp Mill WTW.

## I Additional regulatory information – water network plus – SWB continued

**TABLE 6B – Treated water distribution – assets and operations  
for the 12 months ended 31 March 2024**

	Units	Input
<b>Assets and operations</b>		
Total installed power capacity of potable water pumping stations	kW	29,883
Total volumetric capacity of service reservoirs	MI	1,171.0
Total volumetric capacity of water towers	MI	8.5
Water delivered (non-potable)	MI/d	–
Water delivered (potable)	MI/d	542.57
Water delivered (billed measured residential properties)	MI/d	250.89
Water delivered (billed measured businesses)	MI/d	151.77
Proportion of distribution input derived from impounding reservoirs	Propn 0 to 1	0.190
Proportion of distribution input derived from pumped storage reservoirs	Propn 0 to 1	0.005
Proportion of distribution input derived from river abstractions	Propn 0 to 1	0.729
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Propn 0 to 1	0.075
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from saline abstractions	Propn 0 to 1	0.001
Proportion of distribution input derived from water reuse schemes	Propn 0 to 1	–
Total number of potable water pumping stations that pump into and within the treated water distribution system	nr	250
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	nr	8
Number of potable water pumping stations delivering surface water into the treated water distribution system	nr	17
Number of potable water pumping stations that re-pump water already within the treated water distribution system	nr	225
Number of potable water pumping stations that pump water imported from a 3rd party supply into the treated water distribution system	nr	–
Total number of service reservoirs	nr	327
Number of water towers	nr	12
Energy consumption – treated water distribution (MWh)	MWh	25,560.140
Average pumping head – treated water distribution	m.hd	91.38
Total number of treated water distribution imports	nr	2
Water imported from 3rd parties to treated water distribution systems	MI/d	0.42
Total number of treated water distribution exports	nr	5
Water exported to 3rd parties from treated water distribution systems	MI/d	0.34
Peak 7 day rolling average distribution input	MI/d	683.66
Peak 7 day rolling average distribution input / annual average distribution input	%	106.66%
<b>Water balance – company level</b>		
Measured household consumption (excluding supply pipe leakage)	MI/d	231.00
Unmeasured household consumption (excluding supply pipe leakage)	MI/d	110.70
Measured non-household consumption (excluding supply pipe leakage)	MI/d	149.70
Unmeasured non-household consumption (excluding supply pipe leakage)	MI/d	2.22
Total annual leakage	MI/d	118.54
Distribution system operational use	MI/d	6.47
Water taken unbilled	MI/d	18.68
Distribution input	MI/d	637.21
Distribution input (pre-MLE)	MI/d	640.96

**TABLE 6B – Treated water distribution – assets and operations continued  
for the 12 months ended 31 March 2024**

	Units	Input
<b>Components of total leakage (post MLE) – company level</b>		
Leakage upstream of DMA	MI/day	19.00
Distribution main losses	MI/day	70.00
Customer supply pipe losses – measured households excluding void properties	MI/day	20.00
Customer supply pipe losses – unmeasured households excluding void properties	MI/day	7.29
Customer supply pipe losses – measured non-households excluding void properties	MI/day	2.06
Customer supply pipe losses – unmeasured non-households excluding void properties	MI/day	0.18
Customer supply pipe losses – void measured households	MI/day	0.16
Customer supply pipe losses – void unmeasured households	MI/day	0.27
Customer supply pipe losses – void measured non-households	MI/day	0.33
Customer supply pipe losses – void unmeasured non-households	MI/day	–

This table provides details of assets and operations for the 2023/24 year. Data in this table including distribution input, water delivered, distribution losses and leakage relates solely to 2023/24. Our leakage performance commitment is shown in table 3A on page 133 with associated commentary on page 135 is based on a three year average position and position relative to the three year baseline position at the start of the regulatory reporting period.

## I Additional regulatory information – water network plus – SWB continued

**TABLE 6C – Water network+ – Mains, communication pipes and other data for the 12 months ended 31 March 2024**

	Units	Input
<b>Treated water distribution – mains analysis</b>		
Total length of potable mains as at 31 March	km	18,583.4
Total length of potable mains relined	km	–
Total length of potable mains renewed	km	10.4
Total length of new potable mains	km	34.4
Total length of potable water mains (≤320mm)	km	17,507.0
Total length of potable water mains >320mm and ≤450mm	km	579.5
Total length of potable water mains >450mm and ≤610mm	km	377.4
Total length of potable water mains > 610mm	km	119.5
<b>Treated water distribution – mains age profile</b>		
Total length of potable mains laid or structurally refurbished pre-1880	km	37.9
Total length of potable mains laid or structurally refurbished between 1881 and 1900	km	206.9
Total length of potable mains laid or structurally refurbished between 1901 and 1920	km	428.7
Total length of potable mains laid or structurally refurbished between 1921 and 1940	km	1,566.5
Total length of potable mains laid or structurally refurbished between 1941 and 1960	km	3,959.8
Total length of potable mains laid or structurally refurbished between 1961 and 1980	km	5,291.4
Total length of potable mains laid or structurally refurbished between 1981 and 2000	km	4,289.4
Total length of potable mains laid or structurally refurbished between 2001 and 2020	km	2,591.6
Total length of potable mains laid or structurally refurbished post 2021	km	211.2
<b>Communication pipes</b>		
Number of lead communication pipes	nr	78,901
Number of galvanised iron communication pipes	nr	121,662
Number of other communication pipes	nr	827,722
Number of lead communication pipes replaced or relined for water quality	nr	723
<b>Other</b>		
Company area	km <sup>2</sup>	11,353
Compliance Risk Index	nr	3.02
Event Risk Index	nr	586
Properties below reference level at end of year	nr	251

The 2023 overall CRI performance was broadly in line with the yearly performance during the regulatory period 2020-25. A difference was noted in the type of failure contributing to the overall score. During 2023 an increase in failures relating to the condition of the network was observed. This was seen by a significant uplift in the number of iron and manganese sample failures during 2023. The explanation of this uplift is the restriction on network flushing activities whilst water restrictions were in place due to the drought in the summer of 2022. Restrictions were in place from 23 August 2022 to 25 September 2023. This prevented the planned DOMS flushing activity from being carried out. DOMS flushing is the primary control measure for reducing the accumulation of iron and manganese sediment in the network. Since September 2023, the amount of flushing has been significantly increased and during 2024 we anticipate an improved performance in this area. Performance was also impacted by two failures at a strategic WTWs (Mayflower) which due to its size attracts a large CRI.

Our actions plans targeting enhanced tank inspections and enhanced flushing are expected to secure the on-going gradual improvement in CRI.

In 2023, the ERI performance was very similar to the 2022 performance. Both years were significantly impacted by discoloured water events in the Knapp Mill supply zone which affected a large population. The discoloured water events were caused by the raw water deterioration in the river Avon which supplies Knapp Mill WTW. Heavy rainfall in the catchment increased the raw water colour which could not be removed to acceptable levels by the existing treatment process of slow sand filtration. Consumers complained of green tinge to their supply when they filled a bath or sink.

The risk of colour had already been identified and at PR19 a Q-scheme proposal was submitted and approved to install new treatment processes at Knapp Mill WTW to mitigate this risk. The scheme will consist of the addition of ceramic membrane filtration and GAC adsorption processes and these are due to be commissioned by 31 March 2026. To provide mitigation for colour earlier than this, ozone dosing prior to the raw water is set to be commissioned during October 2024 to reduce the

risk of green water complaints in during the high risk period over the winter. This will prevent a recurrence of the discoloured water events which have occurred over the last two winters.

The ERI scores for the two Knapp Mill events in 2023 was 541 out of a total ERI score of 586 for the year. Without the Knapp Mill events, the annual score for 2023 would have been 45 which would have been a better performance than in any of the previous 5 years.

In total, 42 events were notified to the DWI during 2023.

**TABLE 6D – Demand management – Metering and leakage activities for the 12 months ended 31 March 2024**

	Units	Basic meter	AMR Meter	AMI meter
<b>Metering activities – Totex expenditure</b>				
New optant meter installation for existing customers	£m	–	2,413	0,121
New selective meter installation for existing customers	£m	–	–	–
New business meter installation for existing customers	£m	–	0,023	0,001
Residential meters renewed	£m	0,001	1,113	2,493
Business meters renewed	£m	0,006	0,314	0,163
<b>Metering activities – Explanatory variables</b>				
New optant meters installed for existing customers	000s	–	3,281	0,165
New selective meters installed for existing customers	000s	–	–	–
New business meters installed for existing customers	000s	–	0,021	0,001
Residential meters renewed	000s	0,004	3,406	24,662
Business meters renewed	000s	0,016	0,961	1,619
Replacement of basic meters with smart meters for household customers	000s	–	3,181	24,600
Replacement of AMR meter with AMI meters for household customers	000s	–	–	0,062
Replacement of basic meters with smart meters for business customers	000s	–	0,898	1,606
Replacement of AMR meter with AMI meters for business customers	000s	–	–	0,013
New residential meters installed for existing customers – supply–demand balance benefit	MI/d	–	0,21	0,01
New business meters installed for existing customers – supply–demand balance benefit	MI/d	–	–	–
Replacement of basic meter with smart meters for household customers – supply–demand balance benefit	MI/d	–	0,02	0,18
Replacement of AMR meter with AMI meter for household customers – supply–demand balance benefit	MI/d	–	–	–
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit	MI/d	–	–	–
Replacement of AMR meter with AMI meter for business customers – supply–demand balance benefit	MI/d	–	–	–
Residential properties – meter penetration	%	0,6%	0,2%	–
<b>Leakage activities – Totex expenditure</b>				
	Units	Maintaining leakage	Reducing leakage	<b>Total</b>
Total leakage activity	£m	24,913	10,172	<b>35,085</b>
Leakage improvements delivering benefits in 2020–25	MI/d	–	–	<b>(6,35)</b>
<b>Per capita consumption (excluding supply pipe leakage)</b>				
Per capita consumption (measured)	l/h/d	118,66	–	–
Per capita consumption (unmeasured)	l/h/d	294,44	–	–

Metering activity has increased in the year, with delivery of AMI (smart) meters as part of the businesses Green Recovery programme “Smarter Healthier Homes”, together with AMI meter spend as part of the Defra Accelerated Delivery programme. Our North Devon smart metering programme is now 50% complete and on track for completion in 2025 – which will result in 76,000 meters deployed in this area. That said, it is likely that SWB will come in just under its regulatory period 2020-25 committed performance number due to lower customer requests and the already high meter penetration rate in the SWB region.

We have taken a consistent approach in allocating leakage expenditure between maintaining and reducing leakage levels. Total leakage activity in the year has increased year on year as we continue to target leakage reductions, including offering free customer leak repairs. Our sector-leading demand reduction schemes are focused on supporting customers to use less water and save money, with c.500 water saving devices issued every single day last year. Once again, exceptionally wet weather continued to require significant additional to reduce leakage caused by increased burst activity. Consistent with the prior year we have assumed this is an underlying peak in the natural rate of rise and therefore classified as maintaining leakage.

**TABLE 6F – WRMP annual reporting on delivery – non-leakage activities**

Whilst the table is not included in the APR due to its size, it is included within the APR tables on our website. Supporting commentary for this table is provided below.

After the 2022 drought we undertook several actions to improve our water resources position, including:

- Increasing the supply available to us by developing water resources schemes.
- Additional focus on reducing leakage.
- Helping customers use less water through water efficiency activity.
- Identifying options to make more water available to us during a drought.

As a result of these actions, we have been able to submit an SDBI of 100 to the EA for 2023-24, and we await a final response from them to confirm this position.

The increased level of spend in comparison to 2022-23 reflects this increased focus on improving the supply-demand position, with significantly higher benefits being delivered compared to both previous years and the WRMP.

# Additional regulatory information – wastewater network plus – SWB

**TABLE 7A – Wastewater network+ – Functional expenditure**

	£'000
<b>Costs of STWs in size bands 1 to 5</b>	
Direct costs of STWs in size band 1	4,125,806
Direct costs of STWs in size band 2	3,965,359
Direct costs of STWs in size band 3	8,351,169
Direct costs of STWs in size band 4	11,823,559
Direct costs of STWs in size band 5	8,724,670
General & support costs of STWs in size bands 1 to 5	6,213,400
<b>Functional expenditure of STWs in size bands 1 to 5</b>	<b>43,203,963</b>
<b>Costs of STWs in size band 6</b>	
Service charges for STWs in size band 6	364,000
Estimated terminal pumping costs size band 6 works	2,357,000
Other direct costs of STWs in size band 6	26,368,000
Direct costs of STWs in size band 6	29,089,000
General & support costs of STWs in size band 6	4,886,000
Functional expenditure of STWs in size band 6	33,975,000
<b>Total Functional expenditure for Sewage treatment</b>	<b>77,178,963</b>

Functional expenditure for sewage treatment works bands 1-6 has increased year on year by £8.727m. This has been driven by an increase in power and chemical prices, continued investment in our people and support from our external partners offset by the inclusion of the recharge to Bioresources by network+ for costs of handling and treating bioresources liquors, table 8C.17 – £5.312. This is based on the guidance of improving cost allocation between the sewage and bioresources units.

**TABLE 7B – Wastewater network+ – Large sewage treatment works**

	Units	Barnstaple (Ashford)	Newton Abbot (Buckland)	Torbay (Brokenbury Quarry)	Camborne	Bideford (Cornborough)	Exeter (Countess Wear)	Plymouth (Camels Head)
<b>Sewage treatment works – Explanatory variables</b>								
Classification of treatment works	text	Tertiary A2	Secondary Activated Sludge	Tertiary A2	Secondary Activated Sludge	Tertiary A2	Tertiary A2	Tertiary A2
Population equivalent of total load received	000	46.46	92.42	156.95	63.51	45.59	164.24	50.75
Suspended solids consent	mg/l	45	60	60	250	60	25	30
BOD <sub>5</sub> consent	mg/l	25	25	25	25	25	15	20
Ammonia consent	mg/l	20	–	–	–	–	10	–
Phosphorus consent <sup>2</sup>	mg/l	–	–	–	–	–	–	–
UV consent	mW/s/cm <sup>2</sup>	27	–	24	–	16	30	30
Load received by STW	kgBOD <sub>5</sub> /d	2,788	5,545	9,417	3,811	2,735	9,854	3,045
Flow passed to full treatment	m <sup>3</sup> /d	18,202	28,773	61,387	22,097	18,464	53,147	18,396
<b>Sewage treatment works – Functional expenditure</b>								
Service charges	£000	17	18	30	30	16	33	18
Estimated terminal pumping expenditure	£000	–	–	1,203	204	–	–	134
Other direct expenditure	£000	1,614	1,261	3,627	749	522	2,733	1,283
Total direct expenditure	£000	1,631	1,279	4,860	983	538	2,766	1,435
General and support expenditure	£000	274	215	816	165	90	465	241
Functional expenditure	£000	1,905	1,494	5,676	1,148	628	3,231	1,676

1. TA2 – Tertiary A2, SAS – Secondary Activated Sludge, SB – Secondary Biological, TB2 – Tertiary B2.

2. All of South West's large sewage treatment works discharge to either sea or estuary so do not have a phosphorous permit.

Exmouth (Maer Lane)	Plymouth (Central)	Falmouth	Hayle	Plymouth (Ernesettle)	Plympton (Marsh Mills)	Truro (Newham)	Plymouth (Roadford)	Newquay	St Austell	Total
Tertiary A2	Tertiary A2	Tertiary A2	Secondary Biological	Tertiary B2	Tertiary A2	Tertiary A2	Secondary Activated Sludge	Tertiary A2	Tertiary B2	
52.76	10614	43.47	64.98	61.34	58.81	31.40	25.93	38.80	28.15	-
60	60	15	150	60	20	30	30	60	60	-
25	25	20	25	25	10	20	20	25	25	-
-	-	-	-	35	5	20	10	-	-	-
-	-	-	-	-	-	-	-	-	-	-
43	54	42	-	33	-	33	-	24	-	-
3,166	6,368	2,608	3,899	3,680	3,529	1,884	1,556	2,328	1,689	-
16,638	40,817	12,988	38,761	21,160	24,394	12,799	7,113	11,438	12,568	-
17	30	18	31	19	17	17	19	16	18	364
-	816	-	-	-	-	-	-	-	-	2,357
683	4,837	1,330	1,626	1,056	1,380	819	852	1,162	834	26,368
700	5,683	1,348	1,657	1,075	1,397	836	871	1,178	852	29,089
118	955	226	278	181	235	140	146	198	143	4,886
818	6,638	1,574	1,935	1,256	1,632	976	1,017	1,376	995	33,975

## I Additional regulatory information – wastewater network plus – SWB continued

**TABLE 7C – Wastewater network+ – Sewer and volume data**

**Wastewater network (as at 31 March)**

	Units	Input
Connectable properties served by s101A schemes completed in the report year	nr	7
Number of s101A schemes completed in the report year	nr	1
Total pumping station capacity	kW	39,477
Number of network pumping stations	nr	1,223
Total number of sewer blockages	nr	6,448
Total number of gravity sewer collapses	nr	219
Total number of sewer rising main bursts	nr	44
Number of combined sewer overflows	nr	1,209
Number of emergency overflows	nr	189
Number of settled storm overflows	nr	180
Sewer age profile (constructed post 2001)	km	1,338
Volume of trade effluent	MI/yr	2,281.09
Volume of wastewater receiving treatment at sewage treatment works	MI/yr	264,754.17
Length of gravity sewers rehabilitated	km	10
Length of rising mains replaced or structurally refurbished	km	9
Length of foul (only) public sewers	km	2,130
Length of surface water (only) public sewers	km	2,562
Length of combined public sewers	km	5,895
Length of rising mains	km	646
Length of other wastewater network pipework	km	190
Total length of "legacy" public sewers as at 31 March	km	11,423
Length of formerly private sewers and lateral drains (s105A sewers)	km	11,642

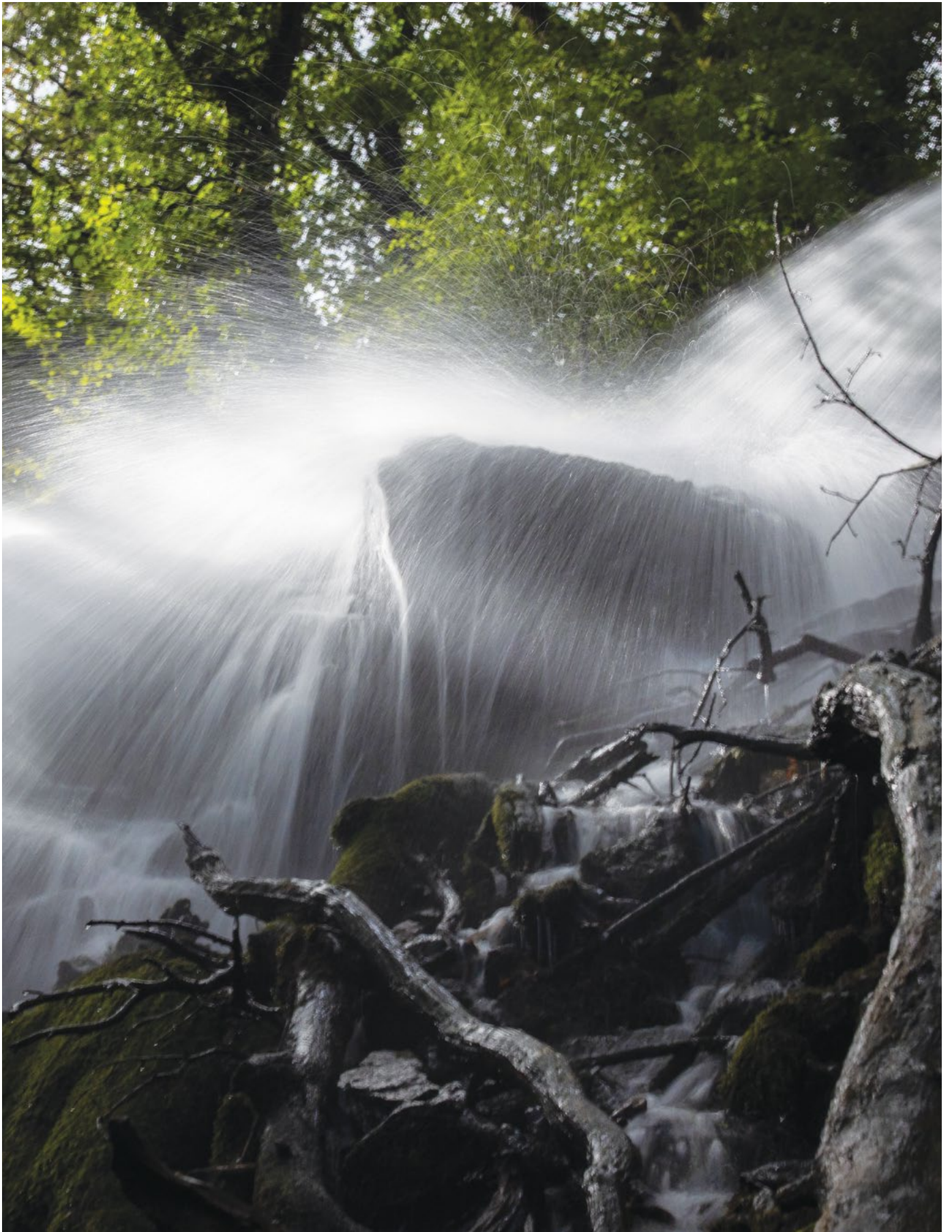
**Storm overflows – additional reporting (as at 1 January)**

Number of combined sewer overflows (as at 1 January)	nr	1,228
Number of settled storm overflows (as at 1 January)	nr	174
Number of storm overflows – other (as at 1 January)	nr	–
Number of storm overflows – pending investigation (as at 1 January)	nr	–
Number of permitted storm overflows closed in the previous reporting year (as at 1 January)	nr	18
Number of storm overflows – consistent with PR24 performance commitment definition	nr	1,420
Number of storm overflows closed in the previous reporting year – (as at 1 January)	nr	2
Number of storm overflows with event duration monitors installed (as at 1 January)	nr	1,375
Proportion of the time that event duration monitors on storm overflows were operational (from 1 January to 31 December)	%	94.38%
Number of spills from storm overflows (from 1 January to 31 December)	nr	58,249

**Emergency overflows – additional reporting (as at 1 January)**

Number of emergency overflows – sewage pumping stations (as at 1 January)	nr	201
Number of emergency overflows – network (as at 1 January)	nr	–
Number of emergency overflows – other (as at 1 January)	nr	35
Number of emergency overflows – all (as at 1 January)	nr	236
Number of emergency overflows with event duration monitors installed (as at 1 January)	nr	235
Number of emergency overflows with MCERTS certified event duration monitors installed (as at 1 January)	nr	–
Proportion of the time that event duration monitors on emergency overflows were operational (from 1 January to 31 December)	%	97.75%
Number of spills from emergency overflows (from 1 January to 31 December)	nr	600





## I Additional regulatory information – wastewater network plus – SWB continued

**TABLE 7D – Wastewater network+ – Sewage treatment works data**

	Units	Treatment categories							Total
		Secondary					Tertiary		
		Primary	Activated sludge	Biological	A1	A2	B1	B2	
<b>Load received at sewage treatment works</b>									
Load received by STWs in size band 1	kg BOD5/day	149	307	998	73	14	424	27	<b>1,992</b>
Load received by STWs in size band 2	kg BOD5/day	–	295	818	138	97	342	168	<b>1,858</b>
Load received by STWs in size band 3	kg BOD5/day	164	1,050	1,802	1,062	1,254	1,075	968	<b>7,375</b>
Load received by STWs in size band 4	kg BOD5/day	–	2,713	1,689	1,190	5,720	1,645	3,856	<b>16,813</b>
Load received by STWs in size band 5	kg BOD5/day	–	907	–	–	8,332	805	5,677	<b>15,721</b>
Load received by STWs above size band 5	kg BOD5/day	–	10,911	3,899	–	47,721	–	5,369	<b>67,900</b>
Total load received	kg BOD5/day	313	16,183	9,206	2,463	63,138	4,291	16,065	<b>111,659</b>
Load received from trade effluent customers at treatment works	kg BOD5/day								<b>3,613</b>
<b>Number of sewage treatment works</b>									
STWs in size band 1	nr	88	41	187	8	1	51	3	<b>379</b>
STWs in size band 2	nr	–	13	34	6	3	15	7	<b>78</b>
STWs in size band 3	nr	2	15	31	15	10	19	14	<b>106</b>
STWs in size band 4	nr	–	9	8	5	17	8	11	<b>58</b>
STWs in size band 5	nr	–	1	–	–	9	1	6	<b>17</b>
STWs above size band 5	nr	–	3	1	–	11	–	2	<b>17</b>
Total number of works	nr	90	82	261	34	51	94	43	<b>655</b>

1 South West Water has four Fine Screening Plants (Preliminary Treatment Works) which have this year been included within the primary treatment column.

	Units	2022/23
<b>Population equivalent</b>		
Current population equivalent served by STWs	000s	1,743,224
Current population equivalent served by STWs with tightened/new P consents	000s	–
Current population equivalent served by STWs with tightened/new N consents	000s	–
Current population equivalent served by STWs with tightened/new sanitary parameter consents	000s	–
Current population equivalent served by STWs with tightened/new UV consents	000s	–
Population equivalent treatment capacity enhancement	000s	6,698
Current population equivalent served by STWs with tightened/new consents for chemicals or other hazardous substances.	000s	–

Total number of wastewater treatment works has remains at 655 following the adoption of two small works during the 2022/23.

Treatment works consents

Phosphorus										BOD <sub>5</sub>					Ammonia				
<=0.5mg/l	>0.5 to <=1mg/l	>1mg/l	No permit	Total	<=7mg/l	>7 to <=10mg/l	>10 to <=20mg/l	>20mg/l	No permit	Total	<=1mg/l	>1 to <=3mg/l	>3 to <=10mg/l	>10mg/l	No permit	Total			
-	-	-	1,993	<b>1,993</b>	-	7	116	285	1,586	<b>1,994</b>	-	-	146	128	1,720	<b>1,994</b>			
-	-	25	1,833	<b>1,858</b>	17	26	576	1,025	213	<b>1,857</b>	-	20	745	384	708	<b>1,857</b>			
-	238	200	6,938	<b>7,376</b>	320	650	2,591	3,512	302	<b>7,375</b>	108	638	2,086	1,100	3,443	<b>7,375</b>			
608	2,065	286	13,853	<b>16,812</b>	-	754	5,418	10,640	-	<b>16,812</b>	-	305	5,191	3,779	7,537	<b>16,812</b>			
-	4,248	4,462	7,012	<b>15,722</b>	-	1,574	9,386	4,761	-	<b>15,721</b>	-	1,298	8,863	1,470	4,090	<b>15,721</b>			
-	-	-	67,900	<b>67,900</b>	-	3,529	18,947	45,425	-	<b>67,901</b>	-	-	14,939	8,352	44,610	<b>67,901</b>			
608	6,551	4,973	99,529	<b>111,661</b>	337	6,540	37,034	65,648	2,101	<b>111,660</b>	108	2,261	31,970	15,213	62,108	<b>111,660</b>			
-	-	-	379	<b>379</b>	-	1	11	25	342	<b>379</b>	-	-	12	14	353	<b>379</b>			
-	-	1	77	<b>78</b>	1	1	24	42	10	<b>78</b>	-	1	31	16	30	<b>78</b>			
-	3	3	100	<b>106</b>	4	8	40	51	3	<b>106</b>	1	8	36	14	47	<b>106</b>			
1	5	2	50	<b>58</b>	-	2	19	37	-	<b>58</b>	-	2	17	15	24	<b>58</b>			
-	5	4	8	<b>17</b>	-	2	10	5	-	<b>17</b>	-	1	11	1	4	<b>17</b>			
-	-	-	17	<b>17</b>	-	1	5	11	-	<b>17</b>	-	-	3	3	11	<b>17</b>			
1	13	10	631	<b>655</b>	5	15	109	171	355	<b>655</b>	1	12	110	63	469	<b>655</b>			

## I Additional regulatory information – wastewater network plus – SWB continued

**TABLE 7E – Wastewater network+ – Other data including energy consumption and scheme delivery for the 12 months ended 31 March 2024**

	Units	Input
<b>Other</b>		
Total sewerage catchment area	km <sup>2</sup>	861
Designated coastal bathing waters	nr	151
Number of intermittent discharge sites with event duration monitoring	nr	28
Number of monitors for flow monitoring at STWs	nr	4
Number of odour related complaints	nr	804
<b>Energy consumption</b>		
Energy consumption – sewage collection	MWh	56,190.074
Energy consumption – sewage treatment	MWh	112,684.240
Energy consumption – wastewater network+	MWh	168,874.314
<b>Scheme delivery</b>		
Cumulative shortfall in FFT addressed by WINEP / NEP schemes to increase STW capacity	l/s	37,000
Number of sites with an increase in sewage treatment works capacity delivered to address a shortfall in FFT	nr	4
Additional storm tank capacity provided at STWs (grey infrastructure)	m <sup>3</sup>	1,749,000
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m <sup>3</sup>	–
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m <sup>3</sup>	–
Additional effective storage in the network delivered through green infrastructure	m <sup>3</sup>	–
Total number of sewage treatment works sites where additional storage has been delivered (grey infrastructure)	nr	20
Number of sewage treatment works sites where additional storage has been delivered with pumping (grey infrastructure)	nr	20
Number of sewage treatment works benefitting from green infrastructure replacing the need for storm tank storage	nr	–
Number of sites delivering additional network storage (grey infrastructure)	nr	–
Number of sites delivering additional network storage including pumping (grey infrastructure)	nr	–
Number of sites delivering additional network storage through green infrastructure	nr	–
Surface water separation drainage area removed	m <sup>2</sup>	–
Number of schemes delivered to meet tightened or new sanitary consents	nr	–
Number of installations requiring civils for flow monitoring at sewage treatment works	nr	–
Number of installations requiring civils for event duration monitoring at intermittent discharges	nr	–
Number of storm overflows where improvements have been made to reduce harm or reduce spill frequencies	nr	45

151 bathing waters designated by the EA are located within the South West Water operational area. This years' figures include the newly designated bathing water at Firestone Bay, Plymouth. Also included within the overall figure is one 'closed' bathing water, Watcombe which is deemed unsafe due to the condition of the access path.

This year's number of permanent EDMs installed and meeting our TS-207 standard is lower than previous years. This is due to the company target of 100% installation for permitted storm overflows by year end 2022. In 2023 the company identified 29 unpermitted overflows and chose to install permanent EDMs on all but 1. 25 were completed in 2023/24. 4 sites still had temporary monitoring installed which we have not included in this line total. The temporary monitors will be replaced next year with permanent EDM. 4 sites were identified as permitted overflows that had EDM installed to maintain the 100% coverage in 2023/24.

MWh energy consumption for sewage treatment and wastewater network + has increased by 2.66% and 3.40%, compared to 2022/23 due to the collection of higher volumes of sewage, primarily as a result of additional WINEP storm overflow schemes during 2023/24. We also note the increased rainfall during winter/early spring 2024 has resulted in a sharp increase in energy consumption in second half of the financial year 2023/24.

**TABLE 7F – Wastewater network+ – WINEP phosphorus removal scheme costs and cost drivers**

Whilst the table is not included in the APR due to its size, it is included within the APR tables on our website. Supporting commentary for the table is below.

All P removal measures are currently forecasting significantly adverse to the Final Determination, this is due to a variety of factors, efficiency challenges and the extremely high inflationary pressures on MEICA equipment are the principal causes.

No expenditure has been included in the Frogpool STW line as the cost forecasts for this site are included within the Lanner St Day scheme. Frogpool STW flows are due to be transferred to Lanner St Day with a pumped transfer and this is being delivered as one project. The costs have been reported against the larger of the two sites.

No expenditure has been allocated to Camelford as this site already meets the enhanced permit limits due to an earlier WINEP scheme to reduce P concentrations to 1mg/l. A minimal enhancement to 0.8mg/l is required in AMP7 under a Habitats Directive driver, but the site currently comfortably meets the enhanced limit and consequently no investment is required. This is the only site with a 'Permit Only' change in the regulatory period 2020-25.



## Additional regulatory information – bioresources – SWB

TABLE 8A – Bioresources sludge data

	Units	Totals
Total sewage sludge produced, treated by incumbents	ttds/year	41.0
Total sewage sludge produced, treated by third party sludge service provider	ttds/year	0.4
Total sewage sludge produced	ttds/year	41.4
Total sewage sludge produced from non-appointed liquid waste treatment	ttds/year	1.1
<b>Percentage of sludge produced and treated at a site of STW and STC co-location</b>	%	<b>67.55%</b>
Total sewage sludge disposed by incumbents	ttds/year	40.7
Total sewage sludge disposed by third party sludge service provider	ttds/year	4.4
<b>Total sewage sludge disposed</b>	ttds/year	<b>45.1</b>
Total measure of intersiting 'work' done by pipeline	ttds*km/year	1
Total measure of intersiting 'work' done by tanker	ttds*km/year	421
Total measure of intersiting 'work' done by truck	ttds*km/year	379
<b>Total measure of intersiting 'work' done (all forms of transportation)</b>	ttds*km/year	<b>801</b>
<b>Total measure of intersiting 'work' done by tanker (by volume transported)</b>	m <sup>3</sup> *km/yr	<b>20,225,086</b>
Total measure of 'work' done in sludge disposal operations by pipeline	ttds*km/year	–
Total measure of 'work' done in sludge disposal operations by tanker	ttds*km/year	–
Total measure of 'work' done in sludge disposal operations by truck	ttds*km/year	1,835
<b>Total measure of 'work' done in sludge disposal operations (all forms of transportation)</b>	<b>ttds*km/year</b>	<b>1,835</b>
Total measure of 'work' done by tanker in sludge disposal operations (by volume transported)	m <sup>3</sup> *km/yr	–
Chemical P sludge as % of sludge produced at STWs	%	16.36%

TABLE 8B – Bioresources operating expenditure analysis

Sludge transport method	Pipeline £m	Tanker £m	Truck £m	Total £m
Power	–	–	–	–
Income treated as negative expenditure	–	–	–	–
Discharge consents	–	–	–	–
Bulk discharge	–	–	–	–
<b>Other operating expenditure</b>				
Renewals expensed in year (Infrastructure)	–	–	–	–
Renewals expensed in year (Non-Infrastructure)	–	–	–	–
Other operating expenditure excluding renewals	–	5.700	–	5.700
<b>Total functional expenditure</b>	–	5.700	–	5.700
Local authority and Cumulo rates	–	–	–	–
<b>Total operating expenditure (excluding third party)</b>	–	5.700	–	5.700

Sludge treatment type	Untreated Sludge £m	Raw Sludge liming £m	Conventional AD £m	Incineration of raw sludge £m	Photo- conditioning/ composting £m	Advanced Anaerobic Digestion £m	Other £m	Total £m
Power	–	2.869	1.016	–	0.112	–	0.004	4.001
Income treated as negative expenditure	–	(0.176)	(0.062)	–	(0.007)	–	–	(0.245)
Discharge consents	–	–	–	–	–	–	–	–
Bulk discharge	–	–	–	–	–	–	–	–
<b>Other operating expenditure</b>								
Renewals expensed in year (Infrastructure)	–	–	–	–	–	–	–	–
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	–	–	–	–
Other operating expenditure excluding renewals	–	7.785	2.757	–	0.304	–	0.011	10.857
<b>Total functional expenditure</b>	–	10.478	3.711	–	0.409	–	0.015	14.613
Local authority and Cumulo rates	–	1.288	0.456	–	0.050	–	0.001	1.795
<b>Total operating expenditure (excluding third party)</b>	–	11.766	4.167	–	0.459	–	0.016	16.408

Sludge disposal route	Landfill, raw £m	Landfill, partly treated £m	Land restoration/ reclamation £m	Sludge recycled to farmland £m	Incineration of digested Sludge	Other £m	Total £m
Power	–	–	–	0.006	–	–	0.006
Income treated as negative expenditure	–	–	–	–	–	–	–
Discharge consents	–	–	–	–	–	–	–
Bulk discharge	–	–	–	–	–	–	–
<b>Other operating expenditure</b>							
Renewals expensed in year (Infrastructure)	–	–	–	–	–	–	–
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	–	–	–
Other operating expenditure excluding renewals	–	–	0.071	7.016	–	0.007	7.094
Total functional expenditure	–	–	0.071	7.022	–	0.007	7.100
Local authority and Cumulo rates	–	–	–	0.010	–	–	0.010
<b>Total operating expenditure (excluding third party)</b>	–	–	0.071	7.032	–	0.007	7.110

Bioresources operating expenditure has increased year on year by £4.421. In part this has been driven by the inclusion of the recharge to Bioresources by network+ for costs of handling and treating bioresources liquors, table 8C.17 – £5.312. This is based on the guidance of improving cost allocation between the sewage and bioresources units. The remainder has been driven by an increase in power and chemical prices and support from our external partners on additional tankering and recycling sludge to farmland.

## I Additional regulatory information – bioresources – SWB continued

**TABLE 8C – Bioresources energy and liquors analysis**

	Electricity MWh	Heat MWh	Biomethane MWh	<b>Total MWh</b>	Electricity £m	Heat £m	Biomethane £m	<b>Total £m</b>
<b>Energy</b>								
Energy consumption – bioresources	13,129	7,751	–	<b>20,880</b>	3,572	0.961	–	<b>4,533</b>
Energy generated by and used in bioresources control	3,106	7,068	–	<b>10,174</b>	0.845	0.876	–	<b>1,721</b>
Energy generated by bioresources and used in network plus control	3,527	–	–	<b>3,527</b>	0.960	–	–	<b>0,960</b>
Energy generated by bioresources and exported to the grid or third party	–	–	–	–	–	–	–	–
Energy generated by bioresources that is unused	–	4,712	14,407	<b>19,119</b>	–	–	–	–
Energy bought from grid or third party and used in bioresources control	10,022	682	–	<b>10,704</b>	2,727	0.085	–	<b>2,812</b>

Unit Value

### Income from renewable energy subsidies

Income claimed from Renewable Energy Certificates (ROCs)	£m	0.341
Income claimed from Renewable Heat Incentives (RHIs)	£m	–
Total income claimed from renewable energy subsidies	£m	0.341
% of total number of renewable energy subsidies due to expire in the next two financial years	%	–
This year's value of renewable energy subsidies due to expire in the next two financial years	£m	–

Note: Companies to input specific subsidy which is being referenced in lines 8C.8 – 8C.10.

Units Value

### Bioresources liquors treated by network+

BOD load of liquor or partially treated liquor returned from bioresources to network plus	kg/d	4,142
Ammonia load of liquor or partially treated liquor returned from bioresources to network plus	kg Amm–N/d	492
Recharge to Bioresources by network plus for costs of handling and treating bioresources liquors	£m	5,312

	Electricity MWh	Heat MWh	Biomethane MWh	<b>Total MWh</b>	Electricity £m	Heat £m	Biomethane £m	<b>Total £m</b>
<b>Energy (AMP 7 shadow reported values)</b>								
Energy consumption – bioresources	13,129	7,751	–	<b>20,880</b>	3,572	0.961	–	<b>4,533</b>
Energy generated by and used in bioresources control	3,106	7,068	–	<b>10,174</b>	0.845	0.876	–	<b>1,721</b>
Energy generated by bioresources and used in network plus control	3,527	–	–	<b>3,527</b>	0.960	–	–	<b>0,960</b>
Energy generated by bioresources and exported to the grid or third party	–	–	–	–	–	–	–	–
Energy generated by bioresources that is unused	–	4,712	14,407	<b>19,119</b>	–	–	–	–
Energy bought from grid or third party and used in bioresources control	10,022	682	–	<b>10,704</b>	2,727	0.085	–	<b>2,812</b>

%

Percentage of bioresources energy consumption that is metered	66.147
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**TABLE 8D – Bioresources sludge treatment and disposal data for the 12 months ended 31 March 2024**

	Units	By incumbent	By 3 <sup>rd</sup> party sludge service providers
<b>Sludge treatment process</b>			
% Sludge – untreated	%	2.9%	–
% Sludge treatment process – raw sludge liming	%	64.9%	–
% Sludge treatment process – conventional AD	%	31.3%	–
% Sludge treatment process – advanced AD	%	–	–
% Sludge treatment process – incineration of raw sludge	%	–	0.9%
% Sludge treatment process – other (specify)	%	–	–
<b>% Sludge treatment process – Total</b>	<b>%</b>	<b>99.1%</b>	<b>0.9%</b>
<b>(Un-incinerated) sludge disposal and recycling route</b>			
% Sludge disposal route – landfill, raw	%	–	–
% Sludge disposal route – landfill, partly treated	%	–	–
% Sludge disposal route – land restoration/ reclamation	%	–	8.9%
% Sludge disposal route – sludge recycled to farmland	%	91.1%	–
% Sludge disposal route – other (specify)	%	–	–
<b>% Sludge disposal route – Total</b>	<b>%</b>	<b>91.1%</b>	<b>8.9%</b>

## Additional regulatory information – innovation competition – SWB

TABLE 9A – Innovation competition

		Current year £m
<b>Allowed</b>		
Allocated innovation competition fund price control revenue	£m	2.108
<b>Revenue collected for the purposes of the innovation competition</b>		
Innovation fund income from customers	£m	2.108
Income from customers to fund innovation projects the company is leading on	£m	–
Income from customers as part of the inflation top-up mechanism	£m	–
Income from other water companies to fund innovation projects the company is leading on	£m	1.000
Income from customers that is transferred to other companies as part of the innovation fund	£m	2.129
Non-price control revenue (e.g. royalties)	£m	–
<b>Administration</b>		
Administration charge for innovation partner	£m	0.121

	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)
Units	£m	£m	£m	£m
Water Net Gain	1.000	–	0.090	0.086
<b>Total</b>	<b>1.000</b>	<b>–</b>	<b>0.090</b>	<b>0.086</b>

Our allocated revenue for the 2023/24 year is £2.108m. Where revenue figures are inflated from the 17/18 price base quoted in PR19 Business Plans, this has been done so using November 2022 CPIH value.

We are leading on one innovation competition project, which began during the 2023/24 year - Water Net Gain. The total amount of funding awarded (excluding the 10% contribution) is £1.000m.

This is a discrete project with a specific team and the innovation funding does not support any expenditure that would otherwise be incurred by South West Water, as there is specifically no financial contribution to South West Water staff time or overheads.

The administration charge for innovation partners is £0.121m for the year. At the end of the financial year, the net cash balance related to the innovation fund amounts to £3.721m, reflecting £7.943m received from customers over 2020–2024, less £0.287m contribution to the innovation fund administration costs, £4.849m transferred to the innovation fund winning projects, £1.000m received from other companies for the project SWB is leading on and £0.086m lead project expenditure.

The net cash balance is reflective of the timing difference between when revenue is recognised from customers, compared to contributions to the innovation fund for winning projects and the timing of lead project expenditure.

<b>Difference between actual and forecast expenditure</b>	Forecast project lifecycle expenditure on innovation fund projects (excl 10% partnership contribution)	Cumulative actual expenditure on innovation fund projects (excl 10% partnership contribution)	<b>Difference between actual and forecast expenditure</b>	Allowed future expenditure on innovation fund projects	In year expenditure on innovation projects funded by shareholders	Cumulative expenditure on innovation projects funded by shareholders
£m	£m	£m	£m	£m	£m	£m
<b>(0.004)</b>	1.000	0.086	<b>(0.914)</b>	0.914	-	-
<b>(0.004)</b>	<b>1.000</b>	<b>0.086</b>	<b>(0.914)</b>	<b>0.914</b>	<b>-</b>	<b>-</b>

## Additional regulatory information – Green Recovery – SWB

Our Green Recovery plan includes investments of c.£82m (in 2017/18 prices) to deliver five schemes:

- Advancement of Knapp Mill – advancement of treatment works near Christchurch
- Water resource grid enhancement – increasing water supply by supporting water transfers
- Smarter, healthier homes – trialling ways to help customers save water, protect customers from the cost of supply pipe failures and reducing health risks from lead pipes.
- Storm overflows – reducing harm from storm overflows and improving river water quality
- Catchment management – using nature-based solutions to reduce flood risk and enhance natural habitats.

Expenditure to date is behind allowance

Further detail can be found in our separate Green Recovery Appendix and found on our website at [www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf](http://www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf).

**TABLE 10A – Green Recovery data capture additional items for the 12 months ended 31 March 2024**

### Section 1: Water resources and water network+

				RAG 4 reference	Main table reference
<b>From Table 6C</b>					
Other	Unit	Input			
Total length of new potable mains	km	7.2		10A.1	6C.4
Number of lead communication pipes replaced for water quality	nr	815		10A.2	6C.21
<b>From Table 6D</b>					
	Units	Basic meter	AMR meter	AMI meter	
<b>Metering activities – Totex expenditure</b>					
New optant meter installation	£m			0.003	10A.3 6D.2
New business meter installation	£m			–	10A.4 6D.3
Residential meters renewed	£m			2.373	10A.5 6D.4
Business meters renewed	£m			0.156	10A.6 6D.5
<b>Metering activities – Explanatory variables</b>					
	Units				
New selective meters installed for existing customers	000s			0.113	10A.7 6D.7
New business meters installed for existing customers	000s			0.005	10A.8 6D.8
Residential meters renewed	000s			0.117	10A.9 6D.9
Business meters renewed	000s			–	10A.10 6D.10
Replacement of basic meters with smart meters for residential customers	000s		–	24.570	10A.11 6D.11
Replacement of AMR meter with AMI meters for residential customers	000s			12.142	10A.12 6D.12
Replacement of basic meters with smart meters for business customers	000s		–	1.616	10A.13 6D.13
Replacement of AMR meter with AMI meters for business customers	000s			0.149	10A.14 6D.14
New residential meters installed for existing customers – supply–demand balance benefit	MI/d			0.01	10.15 6D.15
New business meters installed for existing customers – supply–demand balance benefit	MI/d			–	10.16 6D.16
Replacement of basic meter with smart meters for residential customers – supply–demand balance benefit	MI/d		–	0.20	10.17 6D.17
Replacement of AMR meter with AMI meter for residential customers– supply–demand balance benefit	MI/d			0.09	10.18 6D.18
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit			–	–	10.19 6D.19
Replacement of AMR meter with AMI meter for business customers– supply–demand balance benefit				–	10.20 6D.20
<b>Leakage activities</b>					
	Units				
Leakage improvements delivering benefits in 2020–25	MI/d			(6.35)	10A.21 6D.23

Table 10A values are not included in tables 6D and 4L as the South West Water Green Recovery investments have been reported as a single line item in table 4L.

**TABLE 10A – Green Recovery data capture additional items continued**

**Section 2: Wastewater network+ and bioresources**

**From Table 7D**

	Units			
Additional storm tank capacity provided at STWs	m <sup>3</sup>	–	10A.22	7E.11
Additional volume of network storage at CSOs etc to reduce spill frequency	m <sup>3</sup>	–	10A.23	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m <sup>3</sup>	–	10A.24	7E.13
Additional effective storage in the network delivered through green infrastructure	m <sup>3</sup>	–	10A.25	7E.14

**TABLE 10B – Green recovery data capture outcome performance for the 12 months ended 31 March 2024**

**Water common performance commitments relevant to green recovery reporting**

Line description	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)
<b>Performance commitments set in standardised units</b>					
<b>– Water</b>					
Per capita consumption (PCC)	lpd	Total household population	2321.56	0.13	0.06
Line description	Unit	*Performance level – actual (2020-21)*	*Performance level – actual (2021-22)*		
<b>Performance commitments measured against a calculated baseline</b>					
Leakage – actual including impacts of green recovery investment	MI/d	136	90.6	112.19	118.53
Leakage – actual impacts of green recovery investment element only	MI/d	–	–	0.03	0.76
Per capita consumption (PCC) – actual impacts of green recovery investment element only	lpd	0.01	0.03	0.03	0.13

## I Additional regulatory information – Green Recovery – SWB continued

### TABLE 10C – Green recovery data capture outcome performance

for the 12 months ended 31 March 2024

Table 10C is not applicable to SWB for 2023/24.

### TABLE 10D – Green Recovery data capture additional items – Bespoke performance commitments relevant to Green Recovery reporting

for the 12 months ended 31 March 2024

	Performance level – impacts of Green Recovery				Main table reference (to be completed by Company)
	Unit	Previous reporting year	Current reporting year	RAG 4 reference	
Biodiversity – Enhancement	Ha	3,414	3,364	10D.1	3A.12

The majority of delivery of our Green Recovery Initiative is scheduled for the forthcoming two years, and there are further performance commitments that are relevant to Green Recovery reporting in future years.

A summary of our performance in respect of each of our projects forming part of our Green Recovery Initiative is provided in our Green Recovery Annual Report [www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf](http://www.southwestwater.co.uk/siteassets/documents/about-us/annual-reports/2024/green-recovery---swb.pdf). All projects remain on track to be completed by the planned completion date, delivering the benefits forecasted.

**TABLE 10E – Green recovery data capture reconciliation model input for the 12 months ended 31 March 2024**

					Total allowance, £m	
<b>Scheme 1</b>						
Catchment management					9,000	
					2023-24	
	Name	Allowance (£m)	Unit	Component level at completion	Component level to date	Percentage complete
Component 1	Number of hectares of intensive peatland restoration delivered	6,300	ha	1,000	543	54.3%
Component 2	Number of hectares of catchment management delivered	2,700	ha	9,000	6,601	73.3%
<b>Scheme 2</b>						
Knapp Mill water treatment works advancement					24,877	
					2023-24	
	Name	Allowance (£m)	Unit	Component level at completion	Component level to date	Percentage complete
Component 1	Progress against agreed milestones such as completion of detailed design, civil and M&E construction, commissioning and handover.	24,877	%	100%	12%	12%
<b>Scheme 3</b>						
Smarter, healthier homes					17,401	
					2023-24	
	Name	Allowance (£m)	Unit	Component level at completion	Component level to date	Percentage complete
Component 1	Number of upgraded new smart meter installations	1,053	000s	44,800	1,530	3.4%
Component 2	Number of basic meters replaced by or upgraded to smart meters	5,048	000s	76,072	38,920	51.2%
Component 3	Number of external lead supply pipes replaced to the property building boundary wall.	7,273	000s	5,100	0,799	15.7%
Component 4	Number of internal lead supply pipes replaced from property building boundary wall to the compliance point (kitchen tap).	2,612	000s	1,913	–	–
Component 5	Number of supply pipes replaced by 31 March 2025.	0,571	000s	0,752	0,053	7.0%
Component 6	Number of supply pipes repaired by 31 March 2025.	0,844	000s	1,324	0,217	16.4%

## I Additional regulatory information – Green Recovery – SWB continued

TABLE 10E – Green recovery data capture reconciliation model input continued

					Total allowance, £m	
<b>Scheme 4</b>						
Storm overflows					7,642	
					2023-24	
Name	Allowance (£m)	Unit	Component level at completion	Component level to date	Percentage complete	
Component 1	0.575	Nr	248	106	42.7%	
Component 2	0.477	Nr	163	109	66.9%	
Component 3	0.495	Nr	100	8	8.0%	
Component 4	0.325	Nr	100	8	8.0%	
Component 5	"Develop a programme of sampling and modelling (in consultation with the Environment Agency) to understand the river bathing water performance of the two proposed river stretches, and to identify and quantify sources of pollutants"					
	0.350	%	100%	0.85	85.0%	
Component 6	SOAF studies across the two river catchments	Nr	25	18	72.0%	
Component 7	Installation and testing of enhanced storm overflow and environmental monitors to determine how they may enhance environmental studies and improve impact assessment					
	0.500	Nr	100%	0.75	75.0%	
Component 8	Development of partnerships, stakeholder and customer engagement– to support the pilot studies and test the benefits of different approaches					
	0.750	%	100%	90%	90.0%	
Component 9	Delivery of 'quick win' asset enhancements (such as overflow screening) that have been identified through the pilot studies					
	2.000	%	100%	-	-	
Component 10	Surface water separation trial	ha	11.5	0.4	3.5%	
<b>Scheme 5</b>						
Water resource grid enablement					22,702	
					2022-23	
Name	Allowance (£m)	Unit	Component level at completion	Component level to date	Percentage complete	
Component 1	12.818	%	100%	26%	26.0%	
Component 2	9.884	%	100%	65%	65.0%	



**TABLE 10F – Accelerated infrastructure delivery projects data capture additional items for the 12 months ended 31 March 2024**

During 2023/24 we have been developing our plans for accelerating agree expenditure from the next regulatory period with plans ramping up in 2024/25.

**Section 1: Water resources and water network+**

We are beginning the activity and experience gained through our green recovery and WINEP programmes where these align with outputs required. We therefore expect to see significantly higher expenditure in the coming year.

**From Table 6C**

	Unit	Input
Other		
Total length of new potable mains	km	–
Number of lead communication pipes replaced for water quality	nr	–

**From Table 6D**

	Units	Basic meter	AMR meter	AMI meter
<b>Metering activities – Totex expenditure</b>				
New selective meter installation for existing customers	£m			–
New business meter installation for existing customers	£m			–
Residential meters renewed	£m			–
Business meters renewed	£m			–
<b>Metering activities – Explanatory variables</b>				
New selective meters installed for existing customers	000s			–
New business meters installed for existing customers	000s			–
Residential meters renewed	000s			–
Business meters renewed	000s			–
Replacement of basic meters with smart meters for residential customers	000s		–	–
Replacement of AMR meter with AMI meters for residential customers	000s			–
Replacement of basic meters with smart meters for business customers	000s		–	–
Replacement of AMR meter with AMI meters for business customers	000s			–
New residential meters installed for existing customers – supply–demand balance benefit	MI/d			–
New business meters installed for existing customers – supply–demand balance benefit	MI/d			–
Replacement of basic meter with smart meters for residential customers – supply–demand balance benefit	MI/d		–	–
Replacement of AMR meter with AMI meter for residential customers – supply–demand balance benefit	MI/d			–
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit	MI/d		–	–
Replacement of AMR meter with AMI meter for business customers – supply–demand balance benefit	MI/d			–
<b>Metering activities – Impact on PCC and leakage performance</b>				
Per capita consumption reduction	l/h/d	–		
Leakage reduction	MI/d	–		
<b>Leakage activities</b>				
Leakage improvements delivering benefits in 2020–25	MI/d	–		

## Additional regulatory information – Accelerated Delivery – SWB

TABLE 10F – Accelerated infrastructure delivery projects data capture additional items continued

**Section 2: Wastewater network+ and bioresources**

**From Table 7B**

<b>Sewage treatment works – Explanatory variables</b>	Units					
Works name	text	Axminster Kilminster WwTW	Tatworth WwTW	Bodmin Nanstallon WwTW	Camelford WwTW	Scarlett's Well WwTW
Classification of treatment works	text	TRB2	TRB1	TRA2	TRA2	TRB2
Population equivalent of total load received	000s	10	2	19	3	6
Phosphorus consent	mg/l	1	none	1	1	1
Load received by STW	kgBOD5/d	546.14	145.11	1,047.76	195.04	338.41
Flow passed to full treatment	m <sup>3</sup> /d	3,297	1,107	5,209	657	729

**From Table 7D**

<b>Population equivalent</b>	Units	Basic meter
Current population equivalent served by STWs	000s	–
Current population equivalent served by STWs with tightened/new P consents	000s	38.761
Current population equivalent served by STWs with tightened/new N consents	000s	–

**From table 7E**

	Units	Basic meter
Additional storm tank capacity provided at STWs (grey infrastructure)	m <sup>3</sup>	–
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m <sup>3</sup>	–
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m <sup>3</sup>	–
Additional effective storage in the network delivered through green infrastructure	m <sup>3</sup>	–

**TABLE 10H – Accelerated schemes data capture reconciliation model input**

**South West Water**

				Total allowance	
				£m	
<b>Scheme 1</b>				23	
Storm overflows					
				<b>2023-24</b>	
	Name	Unit	Component level at completion	<b>Component level to date</b>	<b>Percentage complete</b>
Component 1	Total storm overflows improved (cumulative)	Nr	15	-	-
Component 2	Total spill reduction per annum	Nr	330	-	-

				Total allowance	
				£m	
<b>Scheme 3</b>				12.01	
Nutrient neutrality					
				<b>2023-24</b>	
	Name	Unit	Component level at completion	<b>Component level to date</b>	<b>Percentage complete</b>
Component 1	Axminster Kilmington WwTW Total P- permit	mg/L	0.25	<b>0.79</b>	<b>316%</b>
Component 2	Tatworth WwTW Total P- permit	mg/L	0.25	<b>2.10</b>	<b>840%</b>
Component 3	Bodmin Nanstallon WwTW Total P- permit	mg/L	0.25	<b>0.35</b>	<b>140%</b>
Component 4	Camelford WwTW Total P- permit	mg/L	0.25	<b>0.42</b>	<b>168%</b>
Component 5	Scarlett's Well WwTW Total P- permit	mg/L	0.25	<b>0.53</b>	<b>212%</b>

On scheme 3, We have recorded the progress for each of the P schemes. However, we note the request of this line to record progress to achieving a lower target for phosphorus levels in Final Effluent. Current performance is indicated against the target for each works. The macro in the reporting line has been designed to show this progress as an inversion of actual. Activity which occurs above the target for phosphorus is displayed as >100% of achievement, which does not represent actual achievement. Sites where the target has been exceeded (ie: where performance shows that we are within consent) are shown as <100%, although these are the sites at which the target has been achieved.

## I Additional regulatory information – accelerated delivery – SWB continued

**TABLE 10H – Accelerated schemes data capture reconciliation model input continued**  
**South West Water continued**

<b>Scheme 11</b>	Total allowance
Colliford smart metering	£m
	5.65

				2023-24	
Name	Unit	Component level at completion	Component level to date	Percentage complete	
Component 1	Nr	36,447	-	-	
Component 2	Nr	49,632	-	-	
Component 3	Nr	21,470	-	-	
Component 4	Nr	57,500	<b>26,629</b>	<b>46.3%</b>	
Component 5	Nr	18,000	<b>12,291</b>	<b>68.3%</b>	
Component 6	Nr	8,954	-	-	
Component 7	Nr	31,160	-	-	
Component 8	Nr	29,866	-	-	
Component 9	Nr	604,307	-	-	
Component 10	Nr	214,599	-	-	
Component 11	Nr	96,970	-	-	
Component 12	l/h/d (cum.)	0.20	-	-	
Component 13	MI/d (cum.)	0.125	-	-	

<b>Scheme 12</b>	Total allowance
Supply pipe leakage	£m
	8.51

				2023-24	
Name	Unit	Component level at completion	Component level to date	Percentage complete	
Component 1	Nr	4,835	-	-	



## Additional regulatory information – Greenhouse Gas Emissions (GHG) – SWB

TABLE 11A – Pro forma – Greenhouse gas emissions reporting for the 12 months ended 31 March 2024

Unit	Operational emissions		
	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
<b>Scope one emissions</b>			
Burning of fossil fuels (location-based)	772,778	226,314	999,092
Burning of fossil fuels (market-based)	772,778	226,314	999,092
Process and fugitive emissions	3,943	16,165,646	16,169,589
Vehicle transport	1,850,661	1,850,661	3,701,322
Emissions from land	–	–	–
<b>Total scope one emissions (location-based)</b>	<b>2,627,382</b>	<b>18,242,621</b>	<b>20,870,003</b>
<b>Total scope one emissions (market-based)</b>	<b>2,627,382</b>	<b>18,242,621</b>	<b>20,870,003</b>
Scope one emissions; GHG type CO <sub>2</sub>	2,592,574	2,037,478	4,630,052
Scope one emissions; GHG type CH <sub>4</sub>	1,325	7,440,917	7,442,242
Scope one emissions; GHG type N <sub>2</sub> O	29,539	8,964,426	8,993,965
Scope one emissions; GHG other types	6,829	6,829	13,658
<b>Scope two emissions</b>			
Purchased electricity (location-based)	34,861,870	34,869,921	69,731,791
Purchased electricity (market-based)	33,466	38,622	72,088
Purchased heat	–	–	–
Electric vehicles	–	–	–
Removal of electricity to charge electric vehicles at site	–	–	–
<b>Total scope two emissions (location-based)</b>	<b>34,861,870</b>	<b>34,869,921</b>	<b>69,731,791</b>
<b>Total scope two emissions (market-based)</b>	<b>33,466</b>	<b>38,622</b>	<b>72,088</b>
Scope two emissions; GHG type CO <sub>2</sub>	34,505,920	34,513,889	69,019,809
Scope two emissions; GHG type CH <sub>4</sub>	150,846	150,880	301,726
Scope two emissions; GHG type N <sub>2</sub> O	205,104	205,152	410,256
Scope two emissions; GHG other types	–	–	–
<b>Scope three emissions</b>			
Business travel	393,597	393,597	787,194
Outsourced activities	2,988,983	7,736,517	10,725,500
Purchased electricity; extraction, production, transmission and distribution (location-based)	11,411,923	11,414,558	22,826,481
Purchased electricity; extraction, production, transmission and distribution (market-based)	11,411,923	11,414,558	22,826,481
Purchased heat; extraction, production, transmission and distribution	–	–	–
Purchased fuels; extraction, production, transmission and distribution	612,092	575,929	1,188,021
Use of chemicals	10,095,838	7,397,469	17,493,307
Disposal and treatment of waste	–	9,233,614	9,233,614
<b>Total scope three emissions (location-based)</b>	<b>25,502,433</b>	<b>36,751,684</b>	<b>62,254,117</b>
<b>Total scope three emissions (market-based)</b>	<b>25,502,433</b>	<b>36,751,684</b>	<b>62,254,117</b>
Scope three emissions; GHG type CO <sub>2</sub>	–	–	–
Scope three emissions; GHG type CH <sub>4</sub>	–	–	–
Scope three emissions; GHG type N <sub>2</sub> O	–	–	–
Scope three emissions; GHG other types	–	–	–

**TABLE 11A – Pro forma – Greenhouse gas emissions reporting continued  
for the 12 months ended 31 March 2024**

Unit	Operational emissions		
	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
<b>Gross operational emissions (Scopes 1, 2 and 3)</b>			
<b>Gross operational emissions (location-based)</b>	62,991.685	89,864.226	<b>152,855.911</b>
<b>Gross operational emissions (market-based)</b>	28,163.281	55,032.927	<b>83,196.208</b>
<b>Emissions reductions</b>			
Exported renewables	-	-	-
Exported biomethane	-	-	-
Insets	-	-	-
Other emissions reductions	-	-	-
<b>Total emissions reductions</b>	-	-	-
<b>Net annual emissions</b>			
<b>Net annual emissions (location-based)</b>	62,991.685	89,864.226	<b>152,855.911</b>
<b>Net annual emissions (market-based)</b>	28,163.281	55,032.927	<b>83,196.208</b>

Unit	Water kgCO <sub>2</sub> e/MI	Wastewater kgCO <sub>2</sub> e/MI
<b>GHG intensity ratios</b>		
Emissions per MI of treated water	268.516	
Emissions per MI of sewage treated		339.425

Unit	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
<b>Other</b>			
Green tariff electricity	-	-	-

Unit	Embedded emissions		
	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
<b>Capital projects</b>			
<b>Total capital projects (cradle-to-gate)</b>	90,359.186	54,683.139	<b>145,042.325</b>
<b>Total capital projects (cradle-to-build)</b>	65,454.171	36,445.808	<b>101,899.979</b>
<b>Purchased goods and services</b>			
Purchased goods and services (please specify)	32,866.756	32,866.756	<b>65,733.512</b>

## I Additional regulatory information – GHG – SWB continued

### Reporting annual 2023/24 emissions

We report our greenhouse gas emissions using the water industry's collaboratively developed Carbon Accounting Workbook, now in its eighteenth annual edition the latest version of the Carbon Accounting Workbook version eighteen has been used to estimate GHG emissions for both South West (Including the emissions from our Bournemouth Water region) and Bristol. We have kept our emissions accounting for South West and Bristol separate for 2023/24, using a Carbon Accounting Workbook for each company, to enable us to specifically report on emissions from the separate business units.

Our accounting practice follows the principles of the international GHG Protocol Corporate Standard and the guidance and emissions factors we use are those jointly published by the UK Government Department of Energy Security and Net Zero (DESNZ) and the Department of Business, Energy and Industrial Strategy (BEIS), using the emissions factors published in June 2023. Where the equivalent Government factors are not included in the published data we use the bespoke water industry emissions factors that are embedded within the Carbon Accounting Workbook, these bespoke emissions are reviewed annually and updated by the Carbon Accounting Workbook producers where appropriate.

We use the 'Financial Control' reporting boundary to define the scope of direct and indirect operational emissions and report on our Scope 1, 2 and selected 3 emissions from the 'appointed business' in line with the organisational boundary as defined by Ofwat.

We calculate Scope 3 emissions from our Capital projects and our purchased goods and services outside of the Carbon Accounting Workbook. For estimating these emissions we use our annual financial records to split the Capital projects by the proportion of spend related to cradle to gate and cradle to build activities in the water and wastewater parts of the business. We use an expert external consultancy to apply the appropriate emissions factors to the categories of Capital spend to determine emissions attributable to our Capital goods and to our purchased goods and services.

The assumptions methods and procedures that are followed in the development of the reported data have been tested and independently verified for accuracy and consistency by Jacobs, our external auditors.

### Breakdown of emissions of greenhouse gases by type and emissions scopes

We report operational emissions as tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) for the sources of categories of Scope 1, 2 and 3 emissions included within the reporting boundary. We also report on the breakdown of individual greenhouse gases for Scope 1, 2 and 3 emissions within the reporting boundary, there we report on emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and the small volume of other types of greenhouse gas including hydrofluorocarbons (HFCs) from fugitive emissions from air conditioning and refrigeration equipment.

Emissions are reported as either Scope 1, 2 or 3 emissions where Scope 1 emissions are those released directly into the atmosphere from the use of our owned and controlled assets. Scope 2 are those indirect emissions from the electricity we import from the UK electricity grid and Scope 3 emissions are those that arise from as a consequence of our actions but which occur from sources that we do not own or control, for example from activities carried out by third party contractors on our behalf.

### Gross and net emissions

We report both 'gross' and 'net' emissions position where gross emissions in this case are a measure of our total operational emissions volume excluding any 'emissions removals', i.e. without the impact of any renewable energy backed by renewable energy certificates that we have exported to the grid. For 2023/24, as part of our 100% renewable electricity supply contract, we have chosen to sell the renewable electricity certificates from our renewable electricity exports to our electricity supplier and this means there are no emissions removals reportable under our net emissions measure.

We have not engaged in any purchase of carbon offsets to date. We anticipate using carbon offsetting to fulfil our Net Zero Commitment in 2030 for any residual emissions that we have been unable to abate at that time. Had we engaged in any permissible carbon offsetting we would also account for this as an emission removal and in our net emissions position.

### Market and location-based emissions

In accordance with the GHG Protocol accounting principles we account for both market-based and location-based emissions. Where indicated in Table 11A we have reported either a market-based or a location-based position and reported both overall values for total gross and total net emissions.

Reporting market-based emissions in this way allows us to track progress towards our Net Zero Commitment by 2030 which includes the emissions benefit of our choice to engage in contractual arrangements to purchase renewable electricity from third party electricity suppliers where the electricity purchased is backed by renewable electricity certificates, in this case backed by Renewable Electricity Guarantees of Origin (REGOs).

We retire these REGOs so they cannot be sold to others and this allows us to report a reduced emissions value under the market-based accounting measure.

Location-based emissions accounting ignores the emissions impact of any special contractual arrangements for renewable electricity and instead uses the Government published emissions factor for UK average grid electricity.

### Emissions intensity

Table 11A also includes our emissions intensity metrics which for the water related parts of the business is a the value of net location-based emissions for water divided by the annual megalitres of water delivered into our water supply network and for the wastewater part of the business is the value of net location-based emissions for wastewater divided by the annual measured full flow of wastewater entering our wastewater treatment works.

### Commentary of 2023/24 Emissions (South West Water)

#### Water UK Net Zero Commitment by 2030 and the Ofwat APR Emissions Boundary

South West Water continue to make good progress in reducing emissions within our 2030 Net Zero Commitment boundary. Net market-based emissions in 2023/24 were down to 38,487 tCO<sub>2</sub>e, a reduction of just over 60% from 2020/21 when our emissions within this boundary were 98,844 tCO<sub>2</sub>e.

Against the Ofwat APR operational carbon emissions reporting boundary our 2023/24 annual net location-based emissions have increased marginally by just 0.21% compared to emissions in 2022/23, whilst under the market-based measure, where our renewable electricity purchase counts towards a Scope 2 emissions reduction, our net emissions reduced by 7.3% in 2023/24 compared to 2022/23.

#### Scope 1 Emissions

Our overall scope 1 emissions fell by 10.5% in 2023/24 compared to 2022/23, largely a result of our strategy to switch from using fossil fuels for our wastewater stand-by generators towards using the much lower carbon HVO (hydrotreated vegetable oil). Scope 1 emissions from our fleet transport vehicles also contributed to the reduction as we gradually continue to transition away from using petrol and diesel fuelled vehicles towards using electric vehicles, in this case emissions move from a scope 1 to a scope 2. Despite recording an overall scope 1 emissions reduction in 2023/24 some categories of emissions, notably our process and fugitive emissions, continue to increase. This is largely driven by additional sludge treatment requirements and an increasing population. We have embarked on a monitoring trial of our process and fugitive emissions at one of our largest sites and intended to optimise control systems to minimise the formation of process and fugitive emissions.

#### Scope 2 Emissions

Almost all of the 57,736 tCO<sub>2</sub>e scope 2 market-based emissions we reported back in 2021/22 have now been removed as a result of the electricity we purchase from the grid being 100% renewable electricity. In 2022/23 our Scope 2 emissions were just 48 tCO<sub>2</sub>e, whereas in 2023/24 emissions marginally increased to 72 tCO<sub>2</sub>e. This small increase is largely due to electricity outside of our 100% renewable electricity contract being used by our expanding electric vehicle fleet when our vehicles charge from public charging points. We expect this to become more of an issue as our electric vehicle fleet continues to grow and so in the future we plan to purchase renewable electricity certificates to remove these emissions.

#### Scope 3 Emissions

Overall scope 3 emissions within the Ofwat APR operational carbon emissions reporting boundary in 2023/24 reduced by 6.2% compared to 2022/23. Recorded emissions from our reduction in purchased fuels contributed most to this drop in scope 3 emissions, along with a significant emissions reduction from our outsourced activities as our supply chain partners continue to decarbonise their own activities. Emissions from our purchases of chemicals remained broadly static, whilst emissions from the disposal of waste, business travel and emissions from purchased electricity all marginally increased compared with 2022/23.



### Embedded Emissions

We currently use a 'spend analysis' approach to estimate our embedded (or embodied) emissions resulting from our construction activities as part of our capital Programme, as well as from our purchase of goods and services. We split emissions from 'Capital carbon' into emissions from the cradle to the gate (emissions from the manufacture of the materials and products used and their transport to site) and cradle to build (cradle to gate plus those emissions from construction of assets and the offsite disposal of waste).

To move away from using 'spend analysis' we intend to collect more accurate primary data using a carbon emissions estimation tool embedded into our capital concept, design, planning and delivery process. Whilst we undertake this transition to using primary activity data we expect to continue to rely to an even diminishing extent on spend analysis data until the transition is fully complete. We therefore expect to improve the accuracy of our reporting of embedded carbon over time as well as providing the opportunity to properly account for the lower carbon options that we intend to promote over the traditional methods of developing and constructing solutions to meet our needs.

In 2023/24 we recorded emissions cradle to gate emissions from our water related capital projects of 90,359 tCO<sub>2</sub>e and 54,683 tCO<sub>2</sub>e from our wastewater capital projects. Under the cradle to build measure we recorded 65,454 tCO<sub>2</sub>e from our water related capital projects and 36,446 tCO<sub>2</sub>e from our wastewater capital projects. This represents a significant uplift in the volume of emissions reported in 2023/24 from those we reported in 2022/23, reflecting the increased investment in capital projects during 2023/24.

Embedded emissions from our purchased goods and services of 65,734 tCO<sub>2</sub>e remained broadly similar with those reported in 2022/23, decreasing by just 2% from the 66,888 tCO<sub>2</sub>e we reported for the previous year.

### Estimate of embedded emissions (tCO<sub>2</sub>e)

	Water	Wastewater
Capital projects (cradle to gate)	90,359	54,683
Capital projects (cradle to build)	65,454	36,446
<b>Purchased goods and services</b>	<b>32,867</b>	<b>32,867</b>

### Embedded Emissions Reporting Framework – Reporting Rating Status – Red/Amber/Green

Category Rating	Embedded Emissions Core Criteria
<b>Amber</b>	<p>Embedded emissions values are provided that relate to both cradle to gate and cradle to build.</p> <p>The SWOT analysis below details some of the strengths, weaknesses, opportunities and threats of our approach.</p> <p>We are engaging with recognised standards, such as PAS 2080 for additional guidance in managing and reporting embedded emissions.</p> <p>Our embedded emissions have received verification from Jacobs, our external auditors.</p>

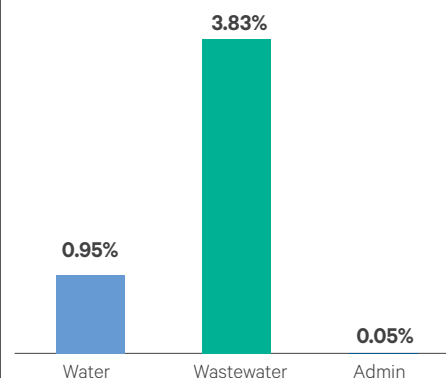
### Renewable Energy

The following charts show how our continued investment in our own embedded renewable energy generation, as well as our purchase of REGO backed renewable energy from third party suppliers is impacting on our renewable energy as a percentage of our total energy usage. We report our generation of renewable electricity from our hydro-electric power, solar PV and wind installations, as well including the renewable electricity and renewable heat from our biogas combined heat and power plants.

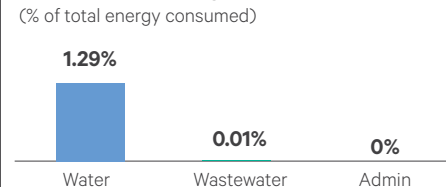
During 2023/24 we connected our Roadford Dam raw water pumping station to a third-party owned existing wind turbine via a private wire. This is only our second wind power asset that feeds power directly into one of our sites, with the other being our Lowermoor water treatment works wind turbine situated on Bodmin Moor.

### Percentage of renewable and low carbon energy sourced

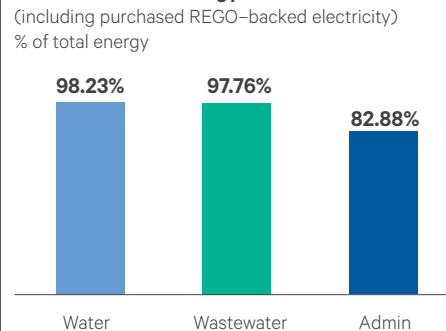
#### Self-generated renewable Energy consumed (% of total energy consumed)



#### Purchase of REGO-backed electricity via private wire and grid (% of total energy consumed)



#### Total renewable energy sourced (including purchased REGO-backed electricity) % of total energy



## I Additional regulatory information – GHG – SWB continued

### Strengths, weaknesses, opportunities and threats

#### Combined Operational and Embedded (Embodied) Emissions

##### Strengths

For 2023/24 operational GHG emissions accounting we have used the latest version of the UK water industry's Carbon Accounting Workbook, now in its eighteenth edition this version is commonly known as CAWv18.

The annual outputs of CAWv18 provides the means for us to accurately measure how successful our carbon reduction strategies and activities have been in mitigating our emissions.

Our emissions continue to reduce in line with our expectations, reflecting the strategies and activities we have introduced towards managing our emissions.

We have improved our data processing frequency, processing all energy, transport and biosources data and estimating emissions on a monthly basis before carrying out our full annual carbon accounting at year-end. This has allowed us to identify trends in performance data much earlier than simply waiting until our year-end accounting.

Our energy data is all metered data, linked to our energy suppliers' billing data, and therefore affords high level of confidence in the resulting measure of energy-related Scope 1 and 2 emissions.

For our embedded carbon relating to Purchased Goods and Services and Capital Carbon we report these based on spend analysis converted to emission factors using category and subcategory of spend using CEDA v6 global greenhouse gas emissions (minus Scope 3 emissions from outsourced activities reported elsewhere in Table 11A). This is an interim while we phase in activity-based carbon data from the supply chain.

##### Weaknesses

We recognise that the nitrous oxide (N<sub>2</sub>O) emissions factor used within the CAWv18 is not aligned with the latest IPCC emissions factor, being x4 lower, and as a result we are likely to be underreporting emissions of N<sub>2</sub>O. This is a known issue with the CAW and the industry is working towards resolving this.

Specific custom chemical emissions factors for some of the less commonly used chemicals have proved difficult to obtain from suppliers. SWB uses a significant volume of 'TT-OX' (a vegetable based flocculant) for example. This is a lower carbon alternative to the standard flocculant product but since we do not have an emissions factor for TT-OX we are currently unable to report on the resulting emissions within the accounting.

We recognise that not all our internal systems have been set up to output data in a suitable format for carbon accounting and consequently datasets often require a significant amount of time consuming manual post-processing. We are looking to improve our internal data collection and data processing systems.

For our estimates of embedded carbon we currently use a 'spend analysis' approach which is not as accurate as using direct 'activity-based' emissions accounting using data from our supply chain and supported with Environmental Product Declarations. We are working towards introducing 'activity-based' emissions accounting and aim to gradually transition using a hybrid approach until we have fully implemented our 'activity-based emissions accounting in collaboration with our contractors.

We note that further clarification around the Ofwat definitions of emissions from 'Capital Projects' 'Cradle to Gate' and 'Cradle to Build' would be helpful in terms of whether these refer to all Greenhouse Gas Protocol defined Scope 3 Category 2 'Capital Goods' or relate to engineering infrastructure capital projects only.

##### Opportunities

During 2023/24 we embarked on a trial of directly monitoring onsite emissions of nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>) at one of our largest wastewater treatment works. This pilot project enables the opportunity to begin to more accurately report our 'process and fugitive' emissions of these gases from our onsite activity. We intend to continue to collaborate with others in the industry on the most effective ways of monitoring and mitigating our process and fugitive emissions.

We note that the CAW could be improved in the way it accounts for Scope 3 'well-to-tank' emissions from fuels, becoming more aligned with the Greenhouse Gas Protocol recommendations. Whilst this only has a small impact on reported emissions we believe that a review of how the industry should properly account for 'well-to-tank' emissions from fuels would be of benefit.

For our embedded carbon we intend to improve our approach by recording activity data provided by our contractors on our new 'Amplify' contractor alliance. This is supported by new contract requirement for our main contractors to work to the principles of PAS 2080.

For our future embedded carbon reporting activity-based emissions data will be reported by our contractors in terms of life cycle modules and therefore result in greater proportion of activity-based data versus spend analysis-based data for Capital projects in terms of cradle to gate and cradle to build emissions.

We also intend our Energy, Carbon, Finance and Engineering Teams work in closer collaboration to determine a robust split between our strategic investment plans and scheme specifics.

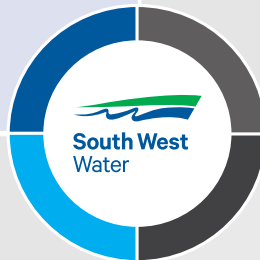
##### Threats

In terms of continuing our emissions reductions on a trajectory to meet net zero we recognise there are significant challenges in meeting competing regulatory and customer demands that are impacting on our current programme of net zero related activities. We intend to continue to invest in our net zero strategy towards achieving our emissions reduction goals whilst being cognisant that this needs to be balanced with our other business priorities.

We intend to work with the rest of the UK water industry in continuously improving our carbon accounting process, embracing the ever-evolving protocols and accounting practices whilst global business strives to decarbonise. This means our emissions accounting needs to keep pace with the relevant changes to accounting practices, even if that means some sources of emissions may increase due to methodological changes.

For our embedded carbon relating to the reporting of Purchased Goods and Services and Capital carbon is reliant on robust data from our internal finance systems. This 'spend data' needs to be aligned with accurate categorisation of spend against relevant products, services and activities. In carrying out a deeper dive into our categorisation of spend we have found that categorisation could be improved to more accurately map to the most appropriate emissions factors.

We have taken an action to improve our spend categorisation for 2024/25 in collaboration with our internal procurement management team.





# Regulatory financial reporting – BRL


**TABLE 1F – Financial flows for the 12 months ended 31 March 2024**

	12 months ended 31 March 2024					
	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
<b>Return on regulatory equity</b>						
Regulatory equity	212.621	212.621	161.383			
Return on regulatory equity	4.50%	3.42%	4.50%	9.568	7.262	7.262
<b>Financing</b>						
Gearing		1.08%	0.64%		2.306	1.034
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		2.00%	2.64%		4.260	4.260
Group relief		–	–		–	–
Cost of debt		1.24%	1.89%		2.632	3.055
Hedging instruments		–	–		–	–
<b>Return on regulatory equity including Financing adjustments</b>	<b>4.50%</b>	<b>7.74%</b>	<b>9.67%</b>	<b>9.568</b>	<b>16.460</b>	<b>15.611</b>
<b>Operational performance</b>						
Totex out / (under) performance		(1.17%)	(1.54%)		(2.483)	(2.483)
ODI out / (under) performance		(2.46%)	(3.24%)		(5.229)	(5.229)
C–Mex out / (under) performance		0.10%	0.13%		0.214	0.214
D–Mex out / (under) performance		0.07%	0.09%		0.139	0.139
Retail out / (under) performance		0.03%	0.04%		0.066	0.066
Other exceptional items		0.09%	0.11%		0.181	0.181
<b>Operational performance total</b>		<b>(3.34%)</b>	<b>(4.41%)</b>		<b>(7.112)</b>	<b>(7.112)</b>
<b>RoRE (Return on regulatory equity)</b>	<b>4.50%</b>	<b>4.40%</b>	<b>5.27%</b>	<b>9.568</b>	<b>9.348</b>	<b>8.499</b>
RCV growth	4.65%	4.65%	4.65%	9.887	9.887	7.504
Voluntary sharing arrangements		–	–		–	–
<b>Total shareholder return</b>	<b>9.15%</b>	<b>9.05%</b>	<b>9.92%</b>	<b>19.455</b>	<b>19.235</b>	<b>16.004</b>
<b>Dividends</b>						
Gross dividend	3.18%	–	–	6.761	–	–
Interest received on intercompany loans		–	–		–	–
<b>Retained value</b>	<b>5.97%</b>	<b>9.05%</b>	<b>9.92%</b>	<b>12.693</b>	<b>19.235</b>	<b>16.004</b>
<b>Cash impact of 2015–20 performance adjustments</b>						
Totex out / under performance			(0.24%)	(0.32%)	(0.510)	(0.510)
ODI out / under performance			(0.73%)	(0.96%)	(1.550)	(1.550)
<b>Total out / under performance</b>			<b>(0.97%)</b>	<b>(1.28%)</b>	<b>(2.060)</b>	<b>(2.060)</b>

Bristol Water has generated in year return on regulated equity of 4.43% and regulatory period 2020–2025 to date of 5.14%.

TABLE 1F – Financial flows for the AMP to date (2017-18 financial year average CPIH) continued

	Average 2020-25					
	Notional returns and notional regulatory equity %	Actual returns and notional regulatory equity %	Actual returns and actual regulatory equity %	Notional returns and notional regulatory equity £m	Actual returns and notional regulatory equity £m	Actual returns and actual regulatory equity £m
<b>Return on regulatory equity</b>						
Regulatory equity	211.363	211.363	161.170			
Return on regulatory equity	4.46%	3.40%	4.46%	9.427	7.188	7.188
<b>Financing</b>						
Gearing		1.06%	0.59%		2.239	0.945
Gearing benefits sharing		–	–		–	–
Variance in corporation tax		0.73%	0.96%		1.553	1.553
Group relief		–	–		–	–
Cost of debt		1.42%	2.11%		2.991	3.407
Hedging instruments		–	–		–	–
<b>Return on regulatory equity including Financing adjustments</b>	<b>4.46%</b>	<b>6.61%</b>	<b>8.12%</b>	<b>9.427</b>	<b>13.971</b>	<b>13.093</b>
<b>Operational performance</b>						
Totex out / (under) performance		(0.11%)	(0.15%)		(0.235)	(0.235)
ODI out / (under) performance		(1.22%)	(1.60%)		(2.572)	(2.572)
C-Mex out / (under) performance		0.09%	0.11%		0.180	0.180
D-Mex out / (under) performance		0.02%	0.03%		0.049	0.049
Retail out / (under) performance		(0.29%)	(0.38%)		(0.608)	(0.608)
Other exceptional items		0.03%	0.03%		0.055	0.055
<b>Operational performance total</b>		<b>(1.48%)</b>	<b>(1.94%)</b>		<b>(3.131)</b>	<b>(3.131)</b>
<b>RoRE (return on regulatory equity)</b>	<b>4.46%</b>	<b>5.13%</b>	<b>6.18%</b>	<b>9.427</b>	<b>10.840</b>	<b>9.962</b>
RCV growth	5.92%	5.92%	5.92%	12.513	12.513	9.541
Voluntary sharing arrangements		–	–		–	–
<b>Total shareholder return</b>	<b>10.38%</b>	<b>11.05%</b>	<b>12.10%</b>	<b>21.939</b>	<b>23.352</b>	<b>19.503</b>
<b>Dividends</b>						
Gross dividend	3.18%	7.93%	10.40%	6.721	16.759	16.759
Interest received on intercompany loans		(1.02%)	(1.34%)		(2.153)	(2.153)
<b>Retained value</b>	<b>7.20%</b>	<b>4.14%</b>	<b>3.04%</b>	<b>15.218</b>	<b>8.746</b>	<b>4.897</b>
<b>Cash impact of 2015-20 performance adjustments</b>						
Totex out / under performance			(0.23%)	(0.30%)	(0.489)	(0.489)
ODI out / under performance			(0.70%)	(0.92%)	(1.485)	(1.485)
<b>Total out / under performance</b>			<b>(0.93%)</b>	<b>(1.22%)</b>	<b>(1.974)</b>	<b>(1.974)</b>

South West Water's dividend policy is included on page 99.

# Price review and other segmental reporting – BRL

TABLE 2A – Segmental income statement

	Retail Household £m	Retail Non-household £m	Water resources £m	Water Network+ £m	Total £m
Revenue – price control	11,595	–	25,375	101,500	<b>138,470</b>
Revenue – non price control	–	–	0,502	2,009	<b>2,511</b>
Operating expenditure – excluding PU recharge impact	(9,695)	–	(12,980)	(50,856)	<b>(73,531)</b>
PU opex recharge	(0,390)	–	0,022	0,368	–
<b>Operating expenditure – including PU recharge impact</b>	<b>(10,085)</b>	<b>–</b>	<b>(12,958)</b>	<b>(50,488)</b>	<b>(73,531)</b>
Depreciation – tangible fixed assets	(0,121)	–	(2,030)	(23,245)	<b>(25,396)</b>
Amortisation – intangible fixed assets	(0,028)	–	(0,201)	(2,880)	<b>(3,109)</b>
<b>Other operating income</b>	<b>–</b>	<b>–</b>	<b>0,443</b>	<b>(0,004)</b>	<b>0,439</b>
<b>Operating profit</b>	<b>1,361</b>	<b>–</b>	<b>11,131</b>	<b>26,892</b>	<b>39,384</b>
<b>Surface water drainage rebates</b>					
Surface water drainage rebates					–

## Allowed Revenue Reconciliation

	Water Resources £m	Water Network+ £m	Total Revenue for RF	Total £m
<b>Final Determination Revenue Allowance (Outturn Prices) (Table 2M)</b>	<b>22,525</b>	<b>97,235</b>	<b>119,760</b>	<b>119,760</b>
Customer Demand and Profile	0,461	0,150	<b>0,611</b>	<b>0,611</b>
New Connections / Diversions / Requisitions	–	0,433	<b>0,433</b>	<b>0,433</b>
<b>Actual Outturn (Table 2M)</b>	<b>22,986</b>	<b>97,818</b>	<b>120,804</b>	<b>120,804</b>
Variance to Final Determination Revenue Allowance (Outturn Prices) (Table 2M)	0,461	0,583	<b>1,044</b>	<b>1,044</b>
<b>Variance as % for RFI</b>	<b>2.05%</b>	<b>0.60%</b>	<b>0.87%</b>	<b>0.87%</b>

### Revenue – price control

This includes all wholesale water and household retail charges.

### Revenue – non price control

This has been based on the RAG 4.12 revenue appendix and includes mains, diversions, and other rechargeable works.

### Other operating income

Profit on the sale of fixed assets (other operating income) has been allocated based on the underlying asset category which generated the sale, with management and general assets being split pro-rata.

### Recharges

Recharges to other business segments reflect charges for the use of assets, and are equal to the depreciation charged in respect of management and general assets principally used by the wholesale business units where part of the cost is recharged to the retail business unit. This excludes charges to non-appointed activities reflected in operating costs in table 1A.

TABLE 2B – Totex analysis – wholesale

	Water resources £m	Water Network+ £m	Total £m
<b>Base operating expenditure</b>			
Power	2,991	10,171	<b>13,162</b>
Income treated as negative expenditure	(0,016)	(0,054)	<b>(0,070)</b>
Service charges/discharge consents	2,135	(0,002)	<b>2,133</b>
Bulk supply/Bulk discharge	0,013	0,087	<b>0,100</b>
Renewals expensed in year (Infrastructure)	0,030	2,099	<b>2,129</b>
Renewals expensed in year (Non-Infrastructure)	–	–	<b>–</b>
Other operating expenditure	6,068	32,331	<b>38,399</b>
Local authority and Cumulo rates	1,205	3,490	<b>4,695</b>
<b>Total base operating expenditure</b>	<b>12,426</b>	<b>48,122</b>	<b>60,548</b>
<b>Other operating expenditure</b>			
Enhancement operating expenditure	0,143	0,665	<b>0,808</b>
Developer services operating expenditure	–	0,476	<b>0,476</b>
<b>Total operating expenditure excluding third party services</b>	<b>12,569</b>	<b>49,263</b>	<b>61,832</b>
Third party services	0,389	1,225	<b>1,614</b>
<b>Total operating expenditure</b>	<b>12,958</b>	<b>50,488</b>	<b>63,446</b>
<b>Grants and contributions</b>			
Grants and contributions – operating expenditure	–	2,713	<b>2,713</b>
<b>Capital expenditure</b>			
Base capital expenditure	1,661	34,191	<b>35,852</b>
Enhancement capital expenditure	1,375	12,089	<b>13,464</b>
Developer services capital expenditure	–	10,068	<b>10,068</b>
<b>Total gross capital expenditure (excluding third party)</b>	<b>3,036</b>	<b>56,348</b>	<b>59,384</b>
Third party services	–	0,149	<b>0,149</b>
<b>Total gross capital expenditure</b>	<b>3,036</b>	<b>56,497</b>	<b>59,533</b>
<b>Grants and contributions</b>			
Grants and contributions – capital expenditure	–	(0,615)	<b>(0,615)</b>
<b>Net Totex</b>	<b>15,994</b>	<b>104,887</b>	<b>120,881</b>
<b>Cash</b>			
Pension deficit recovery payments	–	–	<b>–</b>
Other cash items	–	–	<b>–</b>
<b>Totex including cash items</b>	<b>15,994</b>	<b>104,887</b>	<b>120,881</b>

**Operating Expenditure**

Operating expenditure has decreased year on year by £1.042m (£64.488m in 22/23). The decrease in operating expenditure has been due to a shift in focus from operational work to capital focussed work.

**Capital Expenditure**

Capital expenditure has increased year on year by £8.699m (£50.834m in 22/23). The increase in capital has been due to further spend on leakage, additional base spend on reservoirs and treatment works and growth main laying schemes.

## I Price review and other segmental reporting – BRL continued

TABLE 2C – Operating cost analysis – retail

	Household – total £m	Non-household – total £m	Total £m
<b>Operating expenditure</b>			
Customer services	2,519	–	<b>2,519</b>
Debt management	0,676	–	<b>0,676</b>
Doubtful debts	3,816	–	<b>3,816</b>
Meter reading	0,403	–	<b>0,403</b>
Services to developers		–	–
Other operating expenditure	2,278	–	<b>2,278</b>
Local authority and Cumulo rates	0,003	–	<b>0,003</b>
<b>Total operating expenditure excluding third party services</b>	<b>9,695</b>	<b>–</b>	<b>9,695</b>
<b>Depreciation</b>			
Depreciation on tangible fixed assets existing at 31 March 2015	0,001	–	<b>0,001</b>
Depreciation on tangible fixed assets acquired after 1 April 2015	0,120	–	<b>0,120</b>
Amortisation on intangible fixed assets existing at 31 March 2015	–	–	–
Amortisation on intangible fixed assets acquired after 1 April 2015	0,028	–	<b>0,028</b>
<b>Recharges</b>			
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	0,026	–	<b>0,026</b>
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	–	–	–
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	0,364	–	<b>0,364</b>
Income from wholesale assets acquired after 1 April 2015 principally used by retail	–	–	–
<b>Net recharges costs</b>	<b>0,390</b>	<b>–</b>	<b>0,390</b>
<b>Total retail costs excluding third party and pension deficit repair costs</b>	<b>10,234</b>	<b>–</b>	<b>10,234</b>
Third party services operating expenditure	–	–	–
Pension deficit repair costs	–	–	–
<b>Total retail costs including third party and pension deficit repair costs</b>	<b>10,234</b>	<b>–</b>	<b>10,234</b>
<b>Debt written off</b>			
Debt written off	3,044	–	<b>3,044</b>
<b>Capital expenditure</b>			
Capital expenditure	0,669	–	<b>0,669</b>
<b>Other operating expenditure includes the net retail expenditure for the following household retail activities which are part funded by wholesale</b>			
Demand-side water efficiency – gross expenditure			–
Demand-side water efficiency – expenditure funded by wholesale			–
<b>Demand-side water efficiency – net retail expenditure</b>			<b>–</b>
Customer-side leak repairs – gross expenditure			<b>0,065</b>
Customer-side leak repairs – expenditure funded by wholesale			<b>0,065</b>
<b>Customer-side leak repairs – net retail expenditure</b>			<b>–</b>
<b>Comparison of actual and allowed expenditure</b>			
Cumulative actual retail expenditure to reporting year end			<b>42,932</b>
Cumulative allowed expenditure to reporting year end			<b>40,357</b>
Total allowed expenditure 2020-25			<b>50,816</b>

Household Retail operating costs were £9.7m, £0.6m lower than the allowance of £10.3m and largely in line.

Measured and unmeasured customer numbers are both lower than assumed in calculating the allowance (household customers are 517,386, compared with 524,860 assumed in the allowance, of which 342,874 are metered customers, compared with 377,055 assumed in the allowance). There are no material one off or atypical items of expenditure.



TABLE 2D – Historic cost analysis of tangible fixed assets

	Retail Household £m	Retail Non-household £m	Water Resources £m	Water Network+ £m	Total £m
<b>Cost</b>					
At 1 April 2023	1,812	–	68,519	996,196	<b>1,066,527</b>
Disposals	–	–	(0,064)	(1,001)	<b>(1,065)</b>
Additions	0,186	–	2,987	55,238	<b>58,411</b>
Adjustments	–	–	(0,309)	0,309	<b>–</b>
Assets adopted at nil cost	–	–	–	0,586	<b>0,586</b>
<b>At 31 March 2024</b>	<b>1,998</b>	<b>–</b>	<b>71,133</b>	<b>1,051,328</b>	<b>1,124,459</b>
<b>Depreciation</b>					
At 1 April 2023	(1,355)	–	(25,766)	(330,022)	<b>(357,143)</b>
Disposals	–	–	0,064	0,984	<b>1,048</b>
Adjustments	–	–	0,174	(0,174)	<b>–</b>
Charge for the year	(0,121)	–	(2,030)	(23,245)	<b>(25,396)</b>
<b>At 31 March 2024</b>	<b>(1,476)</b>	<b>–</b>	<b>(27,558)</b>	<b>(352,457)</b>	<b>(381,491)</b>
<b>Net book amount at 31 March 2024</b>	<b>0,522</b>	<b>–</b>	<b>43,575</b>	<b>698,871</b>	<b>742,968</b>
Net book amount at 1 April 2023	0,457	–	42,753	666,174	<b>709,384</b>
<b>Depreciation charge for year</b>					
Principal services	(0,121)	–	(2,030)	(23,245)	<b>(25,396)</b>
Third party services	–	–	–	–	<b>–</b>
<b>Total</b>	<b>(0,121)</b>	<b>–</b>	<b>(2,030)</b>	<b>(23,245)</b>	<b>(25,396)</b>

The net book value includes £28,673m in respect of assets in the course of construction.

Capital expenditure analysis can be found in 4D, 4L and 4N commentary.

The fixed assets have been allocated based on their principal use. Assets used across business units such as general and support assets have been allocated to wholesale as their principal use. Further details can be found in the accounting separation methodology statement published on our website.

We have no assets dedicated as third party service activities. Therefore, the depreciation charge for the year on assets used for principal and third party services is reported in the principal services line as per RAG 4.12 guidance.

The intangibles analysis can be found in table 2O.

## I Price review and other segmental reporting – BRL continued

**TABLE 2E – Analysis of ‘grants and contributions’ – water resources, water network+**

	Fully recognised in income statement £m	Capitalised and amortised (in income statement) £m	Fully netted off capex £m	<b>Total £m</b>
<b>Grants and contributions – water resources</b>				
Diversions – s185	–	–	–	–
Other contributions (price control)	–	–	–	–
Price control grants and contributions	–	–	–	–
Diversions – NRSWA	–	–	–	–
Diversions – other non-price control	–	–	–	–
Other contributions (non-price control)	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Value of adopted assets	–	–	–	–
<b>Grants and contributions – water network+</b>				
Connection charges	1,791	–	–	<b>1,791</b>
Infrastructure charge receipts	0.922	–	–	<b>0.922</b>
Requisitioned mains	–	0.314	–	<b>0.314</b>
Diversions – s185	–	0.097	–	<b>0.097</b>
Other contributions (price control)	–	0.096	–	<b>0.096</b>
Price control grants and contributions before deduction of income offset	2,713	0.507	–	<b>3,220</b>
Income offset	–	1,133	–	<b>1,133</b>
Price control grants and contributions after deduction of income offset	2,713	(0.626)	–	<b>2,087</b>
Diversions – NRSWA	–	–	–	–
Diversions – other non-price control	–	–	–	–
Other contributions (non-price control)	–	0.011	–	<b>0.011</b>
<b>Total</b>	<b>2,713</b>	<b>(0.615)</b>	<b>–</b>	<b>2,098</b>
Value of adopted assets	–	0.586	–	<b>0.586</b>

This table covers grants and contributions received for Developer Services activities and covers construction of mains and services by Bristol Water and includes Self Lay Providers.

There was a circa 50% reduction in Contributions received based on reduction of activities across all activities with a move in the market to more NAV sites.

	Water resources £m	Water network+ £m	Total £m
<b>Movements in capitalised grants and contributions</b>			
Brought forward	–	17,872	<b>17,872</b>
Capitalised in year	–	(0,615)	<b>(0,615)</b>
Amortisation (in income statement)	–	(0,450)	<b>(0,450)</b>
<b>Carried forward</b>	–	16,807	<b>16,807</b>

TABLE 2F – Residential retail

	Revenue £m	Number of customers 000s	Average residential revenues £
<b>Residential revenue</b>			
Wholesale charges	98,250		
Retail revenue	11,595		
<b>Total residential revenue</b>	109,845		
<b>Retail revenue</b>			
Revenue Recovered ("RR")	11,595		
Revenue sacrifice	–		
Actual revenue (net)	11,595		
<b>Customer information</b>			
Actual customers ("AC")		517,386	
Reforecast customers		524,401	
<b>Adjustment</b>			
Allowed revenue ("R")	11,993		
Net adjustment	0,398		
<b>Other residential information</b>			
Average residential retail revenue per customer			<b>22.411</b>

**Wholesale revenue**

There has been an increase in wholesale revenue in 2023/24 of £8.137m.

**Retail revenue**

In the current year the retail revenue has under recovered by £0.398m (2F10), this will be recovered through the PR24 determination.

TABLE 2G – Non-household water – revenues by tariff type and TABLE 2H – Non-household wastewater – revenues by tariff type

Tables 2G and 2H are applicable to Welsh companies only.

## I Price review and other segmental reporting – BRL continued

TABLE 2I – Revenue analysis

	Household £m	Non-household £m	<b>Total £m</b>	Water resources £m	Water network+ £m	<b>Total £m</b>
<b>Wholesale charge – water</b>						
Unmeasured	39.290	0.348	<b>39.638</b>	7.928	31.710	<b>39.638</b>
Measured	58.960	28.108	<b>87.068</b>	17.413	69.655	<b>87.068</b>
Third party revenue	–	0.169	<b>0.169</b>	0.034	0.135	<b>0.169</b>
<b>Total wholesale water revenue</b>	<b>98.250</b>	<b>28.625</b>	<b>126.875</b>	<b>25.375</b>	<b>101.500</b>	<b>126.875</b>
<b>Retail revenue</b>						
Unmeasured				4.060	–	<b>4.060</b>
Measured				7.535	–	<b>7.535</b>
Other third party revenue				–	–	<b>–</b>
<b>Retail total</b>				<b>11.595</b>	<b>–</b>	<b>11.595</b>
<b>Third party revenue – non-price control</b>						
Bulk supplies – water						<b>1.517</b>
Other third party revenue						<b>0.994</b>
<b>Principal services – non-price control</b>						
Other appointed revenue						<b>–</b>
<b>Total appointed revenue</b>						<b>140.981</b>

Wholesale revenue was £126.9m. A comparison of this figure to the PR19 allowance is provided in the commentary to table 2M.

We are required to allocate wholesale revenue between Water Resources and Water Network, in line with the separation of price controls established at PR19. This revenue is allocated in proportion to the split of the revenue allowance set by Ofwat in its PR19 final determination.

Retail revenue was £11.6m. A comparison of this figure to the PR19 allowance is provided in the commentary to table 2F.

Third party revenue was £2.5m. This includes £1.5m for bulk supplies to Wessex Water and two NAV providers, IWNL and Leep Utilities. £1.0m relates to income from standpipes and rechargeable income.

**TABLE 2J – Infrastructure network reinforcement costs**

	Network reinforcement capex £m	On site/site specific capex (memo only) £m
<b>Wholesale water network+ (treated water distribution)</b>		
Distribution and trunk mains	3,133	–
Pumping and storage facilities	0,016	–
Other	–	–
<b>Total</b>	<b>3,149</b>	<b>–</b>

This table covers expenditure required as a consequence of Developments and is funded from the collection of Infrastructure Charges from new developments.

In 2023/24 there has been an increase of 265% principally due to the construction of a new Trunk Main between Forum TW and Shepton Mallet and a new main between Almondsbury Reservoir and Brentry

**TABLE 2K – Infrastructure charges reconciliation**

For the 12 months ended 31 March 2024

	Water £m	Total £m
<b>Impact of infrastructure charge discounts</b>		
Infrastructure charges	0.922	<b>0.922</b>
Discounts applied to infrastructure charges	–	–
<b>Gross infrastructure charges</b>	<b>0.922</b>	<b>0.922</b>
<b>Comparison of revenue and costs</b>		
Variance brought forward	0.312	<b>0.312</b>
Revenue	0.922	<b>0.922</b>
Costs	(3,149)	<b>(3,149)</b>
<b>Variance carried forward</b>	<b>(1,915)</b>	<b>(1,915)</b>

Expenditure from Infrastructure charges increased for 2023/24 due to the construction of a new trunk main. The net total resulted in a deficit of £1,195 carried forward to 2024/25.

**TABLE 2L – Analysis of land sales**

For the 12 months ended 31 March 2024

	Water resources £m	Water network+ £m	Total £m
Proceeds from disposals of protected land	0,450	–	<b>0,450</b>

There were no disposals in 2022/23. The sale of a company asset went ahead in 2023/24 with final receipt of the sale received in January 2024.

## I Price review and other segmental reporting – BRL continued

**TABLE 2M – Revenue reconciliation – wholesale**

For the 12 months ended 31 March 2024

	Water resources £m	Water network+ £m	<b>Total £m</b>
<b>Revenue recognised</b>			
Wholesale revenue governed by price control	25.375	101.500	<b>126.875</b>
Grants and contributions (price control)	–	2.087	<b>2.087</b>
<b>Total revenue governed by wholesale price control</b>	<b>25.375</b>	<b>103.587</b>	<b>128.962</b>
<b>Calculation of the revenue cap</b>			
Allowed wholesale revenue before adjustments (or modified by CMA)	25.603	107.895	<b>133.498</b>
Allowed grants and contributions before adjustments (or modified by CMA)	–	3.859	<b>3.859</b>
Revenue adjustment	0.509	0.565	<b>1.074</b>
Other adjustments	–	–	<b>–</b>
<b>Revenue cap</b>	<b>26.112</b>	<b>112.319</b>	<b>138.431</b>
<b>Calculation of the revenue imbalance</b>			
Revenue cap	26.112	112.319	<b>138.431</b>
Revenue recovered	25.375	103.587	<b>128.962</b>
Revenue imbalance	0.737	8.732	<b>9.469</b>

In 2023/24 Bristol Water has under recovered against its allowed revenue by £9.5m (6.8%). This is due to a voluntary deferral of revenue into PR24 – agreed with Ofwat in advance of setting the 2023/24 tariffs and charges. The deferral was made to protect customers from significant bill increases following both the CMA determination and the high inflationary environment of recent years.

**TABLE 2N – Residential retail – social tariffs****Section A – social tariffs**

	Revenue £m	Number of customers 000s	Average amount per customer £
<b>Number of residential customers on social tariffs</b>			
Residential water only social tariffs		25,162	
Residential dual service social tariffs		–	
<b>Number of residential customers not on social tariffs</b>			
Residential water only no social tariffs		492,225	
Residential dual service no social tariffs		–	
<b>Social tariff discount</b>			
Average discount per water only social tariffs customer			111,160
Average discount per dual service social tariffs customer			–
<b>Social tariff cross-subsidy – residential customers</b>			
Total customer funded cross-subsidies for water only social tariffs customers	2,797		
Total customer funded cross-subsidies for dual service social tariffs customers	–		
Average customer funded cross-subsidy per water only social tariffs customer			5,406
Average customer funded cross-subsidy per dual service social tariffs customer			–
<b>Social tariff cross-subsidy – company</b>			
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	–		
Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers	–		
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer			–
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer			–

**Social tariff support – willingness to pay**

Level of support for social tariff customers reflected in business plan			2,550
Maximum contribution to social tariffs supported by customer engagement			7,480

We have continued to use our data to understand which customers are in water poverty and at risk of being in water poverty. This data has been used to then proactively reach out to customers to provide easy steps to take them out of water poverty.

In addition to this we have data shares in place, including with the Department for Work and Pensions and local councils where we use the data shares to automatically enrol customers onto the right support for them to take them out of water poverty.

We also continue to train our staff to spot signs of customers struggling to pay their water bill and to provide advice to all customers on how to lower their bill.

The number of customers on social tariffs has increased by over 3,000 in the last year (19% increase), meanwhile the amount saved by customers rose from £1.9m to £2.7m (42% increase).

This has increased the average amount saved by each customer on a social tariff from roughly £87 to £112 (29% increase).

**Section B – WaterSure tariffs**

	Revenue £m	Number of customers 000s	Average amount per customer £
<b>WaterSure tariffs</b>			
Number of unique customers on WaterSure		3,478	
Total reduction in bills for WaterSure customers	0,503		
Average reduction in bills for WaterSure customers			144,623

Around 3,500 of our social tariff customers are on Watersure (14%), yet accounts for 19% of the bill reduction value. This gives the average watersure customer a bill reduction of roughly £144.

## I Price review and other segmental reporting – BRL continued

### Section C – other direct bill reduction schemes for household customers struggling to pay

#### Other bill reduction schemes

	Target households	Number of unique households helped by scheme 000s	Total amount bills reduced by through scheme £m	Funding source
Restart	N/A	2,070	0.607	Customers

The Restart programme, helps write off customer debt. This has saved just over 2,000 customers around £0.6m, meaning the average customer put on restart had £293 written off.

### Section D – debt metrics

#### Total number of household customers served – active and final accounts

	Water only 000s	Dual service 000s
Number of household customers served – active accounts	517,363	–
Number of household customers served – final accounts	25,094	–

#### Household customers in arrears

	Number of households 000s	Total amount of debt £m
Households in arrears – active accounts with debt repayment arrangements	7,644	3,562
Households in arrears – final accounts with debt repayment arrangements	1,303	0,477
Households in arrears – active accounts without debt repayment arrangements	23,916	13,223
Households in arrears – final accounts without debt repayment arrangements	23,791	4,310
Households not having made any payment for the year – active accounts	15,990	10,819
Households not having made any payment for the year – final accounts	20,223	3,969

#### Temporary payment suspension

	Number of households 000s	Total amount deferred £m
Households with temporarily suspended payments – payment break arrangements	0,227	0,080
Households with temporarily suspended payments – breathing space arrangements	0,058	0,034

#### Household debt collection through third party agents where water company remains creditor

	Number of households 000s	Total value of debt £m
Debt collected by external agents – active accounts	0,290	0,048
Debt collected by external agents – final accounts	1,089	0,080
Number of Priority Services Register customers passed on to external debt collection agents – active and final accounts	0,000	0,000

#### Household debt sold to external agencies

	Number of accounts 000s	Total value of debt £m	Total sale value of debt £m
Debt sold to an external agency / third party debt purchaser – active accounts	–	–	–
Debt sold to an external agency / third party debt purchaser – final accounts	–	–	–
Number of Priority Services Register customers with debt sold to an external agency / third party debt purchaser – active and final accounts	–	–	–



**Unpaid household bills referred to courts**

	Number of accounts 000s	Total amount involved £m
Number of county court claims	0.374	0.330
Number of county court judgements	0.449	0.395
Number of county court judgement enforcements	0.043	0.041
Number of high court claims	–	–
Number of high court judgements	–	–
Number of high court judgement enforcements	–	–

Debt performance is in line with prior years and expected parameters.

**Section E – Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS)****GSS payments to household customers**

	Number of payments 000s	Total amount £m	Number of unique households 000s
Total amount of GSS payments made to household customers		0.446	
Number of GSS payments made to household customers	9,051		
Number of unique household customers receiving GSS payments			8,782

**Number and value of GSS payments to household customers by type**

	Total number of unique payments made to household customers under GSS 000s	Total value of payments £m	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
Keeping of appointments	0.129	0.004	–	–
Incidences of low water pressure	0.007	–	–	–
Incorrect notice of planned interruptions to supply	0.098	0.002	–	–
Supply not restored	3.936	0.122	–	–
Written account queries and requests to change payment arrangements not actioned on time	0.026	–	–	–
Written complaints not responded to within 10 working days	0.026	–	–	–
Properties sewer flooded internally	–	–	–	–
Properties sewer flooded externally	–	–	–	–
Goodwill			3.566	0.304
Boil Notice			0.149	0.001
No Meter Detail Left			–	–
Meter not repaired in time			0.001	–
Other Pelica Related Payments			0.907	0.009
Late Payment Penalties (paid in relation to line 2N.53 to 2N.60)	0.070	0.001		

A total of nearly £0.45m worth of GSS payments were made out to roughly 8,800 different customers in 9,000 unique payments.

## I Price review and other segmental reporting – BRL continued

TABLE 20 – Historic cost analysis of intangible fixed assets

	Retail Residential £m	Retail Business £m	Water Resources £m	Water Network+ £m	Total £m
<b>Cost</b>					
At 1 April 2023	12,061	–	2,855	35,083	<b>49,999</b>
Disposals	–	–	(0.126)	(1,326)	<b>(1,452)</b>
Additions	0.483	–	0.048	0.674	<b>1,205</b>
Adjustments	–	–	(0.303)	0.303	–
Assets adopted at nil cost	–	–	–	–	–
<b>At 31 March 2024</b>	<b>12,544</b>	<b>–</b>	<b>2,474</b>	<b>34,734</b>	<b>49,752</b>
<b>Amortisation</b>					
At 1 April 2023	(6,785)	–	(2,241)	(27,255)	<b>(36,281)</b>
Disposals	–	–	0.125	1,307	<b>1,432</b>
Adjustments	–	–	0.237	(0.237)	–
Charge for year	(0.028)	–	(0.201)	(2,880)	<b>(3,109)</b>
<b>At 31 March 2024</b>	<b>(6,813)</b>	<b>–</b>	<b>(2,080)</b>	<b>(29,065)</b>	<b>(37,958)</b>
<b>Net book amount at 31 March 2024</b>	<b>5,731</b>	<b>–</b>	<b>0,394</b>	<b>5,669</b>	<b>11,794</b>
<b>Net book amount at 1 April 2023</b>	<b>5,276</b>	<b>–</b>	<b>0,614</b>	<b>7,828</b>	<b>13,718</b>
<b>Amortisation for year</b>					
Principal services	(0.028)	–	(0.201)	(2,880)	<b>(3,109)</b>
Third party services	–	–	–	–	–
<b>Total</b>	<b>(0,028)</b>	<b>–</b>	<b>(0,201)</b>	<b>(2,880)</b>	<b>(3,109)</b>

The net book value includes £6.833m in respect of assets in the course of construction.

The fixed assets have been allocated based on their principal use. Assets used across business units such as general and support assets have been allocated to wholesale as their principal use. Further details can be found in the accounting separation methodology statement published on our website.

There are no third party intangibles assets therefore the depreciation charge for the year is principal services only.

# Performance summary – BRL



**TABLE 3A – Outcome performance – Water common performance commitments**

	Performance level			Outperformance or underperformance payment £m	See page
	Unit	Actual	PCL met?		
<b>Financial</b>					
Water quality compliance (CRI)	nr	7.05	No	(1.060)	232
Water supply interruptions	hh:mm:ss	00:09:24	No	(0.382)	232
Leakage	%	6.1	No	(1.362)	232
Per capita consumption	%	0.1	No	-	233
Mains repairs	nr	124.8	Yes	-	233
Unplanned outage	%	2.06	Yes	-	234
<b>Total</b>				<b>(2.804)</b>	
<b>Bespoke PCs – Water and Retail (Financial)</b>					
Customer contacts about water quality – appearance	nr	0.59	No	(0.011)	234
Customer contacts about water quality – taste and smell	nr	0.23	Yes	0.011	234
Properties at risk of receiving low pressure	nr	6	Yes	0.193	234
Turbidity performance at treatment works	nr	-	Yes	-	235
Unplanned maintenance – non-infrastructure	nr	3,045	Yes	-	235
Void properties	%	1.70	Yes	0.041	235
Meter penetration	%	67.45	No	-	235
Raw Water Quality of Sources	nr	514	Yes	0.016	236
Biodiversity Index	nr	17,707	Yes	0.003	236
Waste disposal compliance	%	98	No	-	237
Water Industry National Environment Programme Compliance	%	100	Yes	-	237
Local community satisfaction	%	88.9	Yes	0.081	238
Abstraction Incentive Mechanism (AIM)	nr	N/A	Yes	-	238
Glastonbury Street Network Resilience	nr	-	Yes	-	239
<b>Total</b>				<b>0.335</b>	

A summary of penalties and rewards reflected in the period and those recognised at the end of the period is shown below. In respect of end-of-period ODIs, the Glastonbury Street Network Resilience project has already been completed and a position of '0' will be reported in 2024/25. For meter penetration we are forecasting 70.0% and for per capita consumption a position of a 2.1% increase on the baseline position. These two metrics are therefore forecast to be subject to end-of-period ODI penalties.

We can confirm that we are compliant with all components of the reporting guidelines for all of the common performance commitments with R/A/G compliance checklists, except as detailed in the commentary for leakage, per capita consumption and unplanned outage.

Commentary relating to performance in respect of each performance commitment can be found further in this section .

## Summary of penalties and rewards to be reflected in the period and to be recognised at the end of the period

	In Period (-/+)	End of Period (-/+)	Total
<b>3A</b>	(2.470)	-	<b>(2.470)</b>
Per capita consumption		(0.225)	<b>(0.225)</b>
<b>3C</b>	0.397	-	<b>0.397</b>
<b>3D</b>	0.106	-	<b>0.106</b>
<b>TOTAL</b>	<b>(1.967)</b>	<b>(0.225)</b>	<b>(2.192)</b>

**Key\***

- Availability
- Environment
- Areas of focus
- Clean water
- Resilience
- Marginal performance
- Wastewater
- Community
- On track
- Customer
- Outperformance
- Area of excellence
- Service

\* Calendar year incentive.

## I Performance summary – BRL continued

### 3A.1 Water quality compliance (CRI)

The compliance risk index (CRI) is a water quality performance metric defined by the Drinking Water Inspectorate (DWI) to illustrate the risk of treated water compliance failures. CRI is reported for each calendar year. The company's CRI performance deteriorated to 7.05 in 2023. This is above the ODI target of 0 and the ODI deadband. This remains a challenging area of performance.

Our investigations have identified the condition of the treated water tank at Littleton Water Treatment Works and a valving arrangement as the likely causes for these failures. While we have implemented remedial actions, longer-term improvements are required within our future regulatory investment programmes.

Further enhanced maintenance and resilience improvements are being delivered across our Bristol water treatment works with specific sites targeted for improvement. Consistent with our action plan published for South West Water, we are rolling out our Quality First programme in Bristol, targeting key areas for improvement, which includes tank cleaning and mains flushing.

### 3A.2 Water supply interruptions

Customers value a resilient and reliable water supply. So, when supply interruptions do happen, they want their water back as soon as possible. We measure this as the total number of minutes customers have been without water longer than three hours and divide this by the average total number of properties in the year.

This year the impact of two events has led to us exceeding the target. These events contributed the following amounts in our overall result:

- 3 minute 38 seconds – Hallen, a 600mm trunk main burst following third party damage affecting c.3,600 properties. This burst was particularly difficult to locate.
- 3 minute 30 seconds – Winterbourne, a 250mm main burst on Christmas Day, interrupting supplies for over 12 hours.

We have made fundamental changes in our approach over the past four years to ensure that we perform better in this area and we are pleased with the impact these changes have had, with a significant out-performance of our target last year and an underlying good performance this year (which would have achieved target without the two events mentioned above), despite two severe weather events (a heatwave and a winter freeze-thaw event).

The improvements we have implemented include:

- Investment in our smart network and increased the coverage of pressure loggers to allow us to proactively recognise when incidents may be about to occur
- Development of mapping tools to include pressure and flow information
- Use of quick response 'grab-packs' for high-risk sections of the network
- Development of alternative ways to ensure customers still get water, even when an operational incident arises. These continuous water supply techniques include on-demand bowsers, infusion tankering, rezoning and over-land connections; and
- Creation of additional roles, including dedicated incident managers, to support these changes with a 24hr monitoring and support service to our operational and maintenance teams.

We continue to invest in replacing old pipes to ensure that the risk of incidents is reduced. Our severe weather taskforce continues to plan to minimise the impact of weather events on customers supplies. This year these have included a summer heatwave and a winter freeze-thaw event. Our proactive planning has maintained supplies to customers during both planned and unplanned events with the use of rezones, infusion tankering and the huge dedication of our operational teams.

Third party damage and escalated events account for 71% of the total minutes lost. We have an Asset Protection team who are focusing in this area and great efforts are being made to liaise with stakeholders most likely to cause damage to our distribution networks (streetworks licensees, landowners, that have water pipe easements on their land and high-volume usage industrial customers. We also endeavour to recoup the full costs of any damage, not only to ensure that our customers do not foot the bill, but also to act as a deterrent against future damage.

In the unfortunate situations when Bristol Water cannot achieve these high standards, whilst supply interruption solutions are being sought Alternative Water Supply options are in place, for example using tankers or delivering bottled water. These activities help protect the vulnerable and provide an interim solution for the community.

We can confirm our supply interruptions data includes interruptions that are greater than or equal to three hours in duration for the current reporting period.

### 3A.3 Leakage

Although in terms of the three-year average position, leakage has reduced compared to the baseline, we have not achieved the stretching target for 2023/24, leakage on an annual basis has reduced in 2023/24 compared to the previous year.

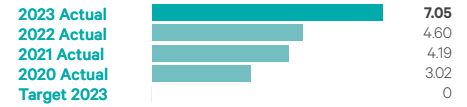
During the year, Bristol Water has significantly expanded its number of acoustic detection loggers in its network and this has resulted in a reduction in the duration of leaks as we are able more quickly to identify leaks. The full-year impact of the installation of these loggers should result in a further improvement in performance for 2024/25 and in particular will improve resilience in the event of severe winter weather.

We plan to deliver further improvements in leakage performance through the continued roll-out of fixed and semi-fixed acoustic leak detection loggers as part of a package of improvements aimed at reducing repair times. We have targeted our roll out in areas at higher risk of leaks and areas where it is harder to identify the precise location of leaks.

7.05



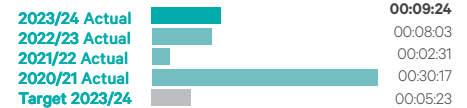
#### Water quality compliance (CRI) Number



00:09:24



#### Water supply interruptions hh:mm:ss



6.1% (38.2)



#### Leakage levels

##### Reduction from baseline (% and MI/d)



The water balance gap (which forms part of the method of calculating leakage and PCC) for the year is 4.7% and as such the 'water balance and MLE' component of the compliance checklist for leakage is 'red'. All other components in the leakage compliance checklist are 'green' (despite some sub-components being rated as 'amber'). An action plan has been established to ensure that this gap reduces below 3% and effectively increases the precision in these calculations.

### 3A.4 Per capita consumption

Per capita consumption has consistently reduced over the past four years and the annual per capita consumption for 2023/24 was 144.7lp. This is more than 10% lower than per capita consumption in 2020/21 and appears to reflect the trend that saw very high levels of working from home in 2020/21 steadily reducing thereafter.

Although there were no drought restrictions in the Bristol Water area during 2023, nationwide awareness of water resource issues also has increased, and alongside increased meter penetration and a less extreme summer in 2023, has contributed to this reduced per capita consumption.

Despite the year-on-year reduction, our target for 2023/24, which is based on a three-year average reduction against the baseline (from 2017 to 2020) has not been achieved.

For the remainder of the 2024/25, we will continue with our strategy to reduce consumption. This will include: continue to offer water efficiency fittings, further development of the Resource West partnership, development of the West Country Water Resources water efficiency partnership and utilising the reporting and monitoring of PCC in 'real time' to enable targeted social media campaigns during hot weather where peak demand occurs. We will also continue to promote metering.

As noted in the leakage section above, we have also established an action plan to reduce the water balance gap which forms part of the calculation approach for both leakage and PCC.

As we completed our review of the water balance processes and systems across the regions of South West and Bristol, we identified that the 2022/23 annual position for per capita consumption differed due to a small manual error in the underlying calculation of unmeasured household occupancy and a very small difference in the calculation of distribution operational use with regards to flushing of new mains installed. These errors are isolated in nature and represent computational errors rather than any judgemental decisions or choices.

This had an impact on the water balance, therefore resulting in an increase to the post-MLE adjusted annual leakage of 1.1M/d for 2022/23. There would be a reduction in the 2022/23 annual per capita consumption reported value of 148.7lpd to 147.0lpd. This would result in a 0.3M/d increase in the reported 2022/23 three-year rolling leakage ODI with a corresponding increase of £78,600 to the in-period leakage underperformance payment for 2022/23. For per capita consumption the 2022/23 three-year rolling would decrease to 154.3 resulting in a reduction to the projected underperformance payment of £15,000 (note: the penalty/reward mechanism for per capita consumption is under review by Ofwat).

Given the high water balance seen in Bristol Water and the integration of Bristol and South West Water Resources team, we have completed a review of the process surrounding the water balance - with an improvement programme underway across both regions. We are seeking to align with best practice and improve our accuracy of the water balance in future.

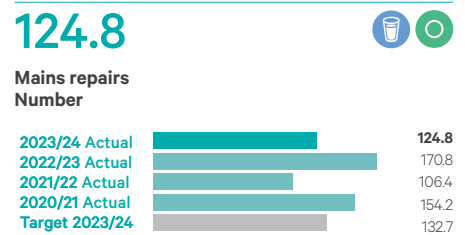
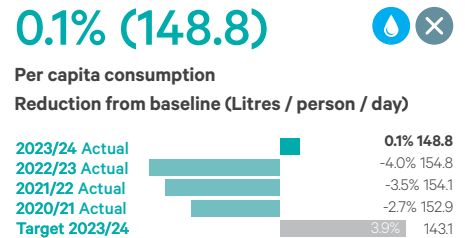
### 3A.5 Mains repairs

When our mains get damaged or fail, it is vitally important that these are repaired to ensure that we do not waste valuable water and that customers are kept in supply. We measure the number of mains that we have reactively repaired in the year and divide it by the total length of mains to indicate the performance of our mains network.

This year, despite a significant spike in mains repairs in January 2024, in line with a cold snap resulting in a freeze/thaw, we achieved our target for the year.

Most of the main repairs were associated with bursts that we had proactively detected (607), rather than reactive repairs for mains failures (263) that had been reported by customers. Proactively identifying leaks means that we can begin to address issues before the public are aware and, finding-and-fixing leaks quickly minimises the impact on leakage.

We minimise the likelihood of mains bursts by replacing targeted sections or whole areas of poorly performing pipes. We minimise high pressure risks where we can and monitor the network for 'transient' pressure spikes that can lead to mains failures. Alongside this, our network teams employ calm network operational techniques.



## I Performance summary – BRL continued

### 3A.6 Unplanned outage

The performance commitment for unplanned outage is 2.34%. Unplanned Outage has reduced this year to 2.06%, within targetted levels.

Outages at Purton Treatment Works caused us to significantly miss the 2022/23 target, and these outages carried on into the early part of 2023/24. We were able to resolve these issues such that they did not impact this year significantly. A multi-year programme is ongoing to reduce future risks through the replacement of clarifiers and work on the high lift pumps.

Ofwat's information notice 'IN24/01 Expectations for for monopoly company annual performance reporting 2023-24' published in April 2024 confirmed its expectation that capacity tests are undertaken and are used as the primary determinant for peak week production capacity (PWPC). This followed a query process following 2022/23's Annual Performance Report where Ofwat identified that most companies could not demonstrate capacity tests were being undertaken. This included Bristol Water, where telemetry data has been used to inform PWPC. This remains the case for 2023/24, however a programme physical capacity testing at peak capacity over a seven-day rolling average period has now commenced and is scheduled to be completed at all Bristol Water's Water Treatment Works by the end of the calendar year 2024 and utilised in 2024/25 annual reporting.

In this respect we are reporting an 'amber' position in the compliance checklist for 'PWPC by production site' and 'Water resource zone PWPC' subcomponents and for the overall PWPC component in the compliance checklist. All other components of the Ofwat Compliance Checklist in respect of unplanned outage are green, and with the activities we are undertaking, we anticipate that all components and subcomponents will be green in 2024/25.

### 3A.7 Customer contacts about water quality – appearance

The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the appearance of their water. It is measured as the number of times we are contacted by consumers regarding the appearance of their tap water, reported per 1,000 population. The calculation is the number of contacts for appearance multiplied by 1,000, divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI). This performance commitment is reported in calendar years.

The consumer contact rate for appearance contacts improved from 0.94 in 2021 to 0.59 in 2023. A contact rate of 0.59 is the company's lowest number of appearance contacts per 1,000 population recorded, beating the previous lowest in 2022 and has met the challenging performance commitment level target of 0.52.

The largest contributor to appearance contacts relate to discoloured water (black/brown/orange), which can primarily be caused by the disturbance of iron sediments in the mains network. We are continuing our work with the Fire Service and other external organisations to reduce the risk of customers experiencing discoloured water when they operate fire hydrants on our network. We have also continued our systematic flushing programme to reduce the risk of discoloured water have trialled different methods to make this process more sustainable.

### 3A.8 Customer contacts about water quality – taste and smell

The aim of this performance commitment is to reduce water quality contacts made by our customers, relating to the taste and odour of their tap water. The calculation is the number of contacts for taste and odour multiplied by 1,000, divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI). The consumer contact rate for taste and odour contacts improved from 0.27 in 2022 to 0.23 in 2023, meeting our ODI target of 0.28.

A large proportion of taste and odour contacts are associated with internal plumbing systems within customers' homes. We continue to improve information available for customers on our website to allow customers to self-serve and resolve taste and odour problems as quickly and conveniently as possible.

### 3A.9 Properties at risk of receiving low pressure

Water pressure determines the water flow from customer taps. This is measured as the total number of properties in our area of water supply which, at the end of the year, have received, and are likely to continue to receive, a pressure or flow below the reference level. Our standard of service for mains water pressure is ten metres head (1 bar) at the property boundary of a home or business.

This normally means that in our customers' home or business, water pressure should be strong enough to fill a 4.5 litre (one gallon) container in 30 seconds from a ground floor tap. This is the minimum level of pressure we expect each house or business to receive, although pressure can be higher.

This year we have continued with our determined effort to minimise the properties at risk of receiving low pressure and commissioned additional targeted interventions to improve our customers' experience and removed a two properties from the Low Pressure Register, which had previously been added in the year. This removal followed rezoning of properties in the network and equipment replacement, addressing seasonal demand issues.

Two remaining properties at risk of receiving low pressure are gravity fed from a nearby water tower. We are looking to change how these are supplied before March 2025.

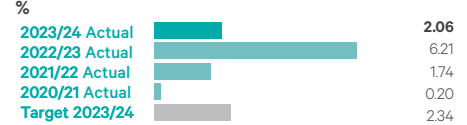
Four additional properties in Stanton Drew have now been added to the register, although investigations are ongoing to establish whether they are at risk under the definition of this measure.

During the year we have continued to support properties in Stratton-on-the-Fosse, that were previously at risk of low pressure, with locally installed on-demand Arlington tanks. We will continue to do this until on-going investigations to identify the underlying cause of potential pressure-loss in the area have been resolved.

## 2.06



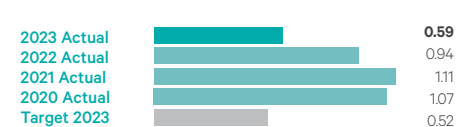
#### Unplanned outage



## 0.59



#### Appearance contacts



## 0.23



#### Taste & Smell contacts



## 6



#### Properties at risk of receiving low pressure



### 3A.10 Turbidity performance at treatment works

Reducing turbidity at treatment works improves the efficiency of the disinfection process and improves the appearance of drinking water. Turbidity performance at treatment works is measured as the number of operational water treatment works where the 95th percentile of all regulatory final water samples does not equal or exceed 0.5 Nephelometric Turbidity Units (NTUs).

In 2023, all works performed better than the threshold and therefore, the company met the performance commitment target. This now means we have met our target in all four years of the regulatory period so far, with no treatment works equalling or exceeding the NTU target. Based on our historical performance to date, we are forecasting continual achievement of this target for turbidity at water treatment works in the next two years.

### 3A.11 Unplanned maintenance – non-infrastructure

Unplanned events mean potential interruptions to the treatment and supply of clean and wholesome water. The more we can reduce the occurrence of unplanned events on our treatment works the more reliable the supply of water; this results in reduced asset downtime and increased reliability of supply for our customers.

The aim of this performance commitment is to ensure that the health of all water non-infrastructure assets is appropriately maintained and improved. It is measured as the total number of unplanned non-infrastructure maintenance jobs, required as a result of equipment failure or reduced asset performance. It typically relates to jobs identified at our treatment works, pumping stations and service reservoirs.

The target for this measure for 2023/24 was 3,272 and our actual year-end value was 3,045. This means that the performance target was achieved in 2023/24.

### 3A.12 Void properties

The percentage of properties that are registered as void has reduced and remains below the targeted level. The monthly performance has continued to follow an expected pattern, with a normal trend of higher voids in the summer months where we normally see higher volumes of moves due to the changes of student rental properties.

As a business we have focused resource when necessary throughout the year to ensure we keep the number of void properties to a minimum. This has resulted in the stable result.

### 3A.13 Meter penetration

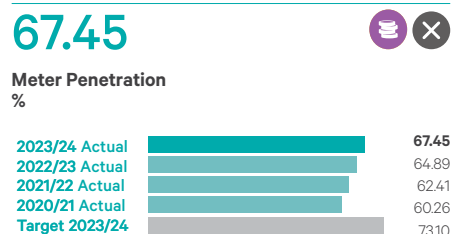
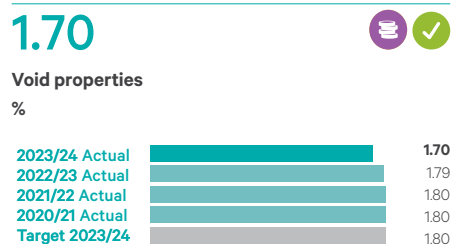
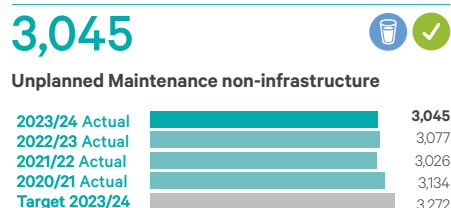
Metering is generally regarded as being the fairest and most accurate way to pay for water. However, our customers have consistently told us through consultations and surveys that they do not wish to see full compulsory metering for all our domestic customers. Therefore, we are reliant upon customer demand, meter installations upon change of ownership and effective, persuasive marketing.

Since the beginning of the 2020-25 regulatory period, we have developed our in-house team of Surveyors, Plumbers and Construction teams. This has allowed Bristol Water to meet the changing demand for internal and newly installed stop taps which peaked in this fourth year of the period. This change in demand also represents a challenge to maintain the unit cost low to provide our customers value for money to complete our Metering commitments. Although we are now undertaking more complex work, we have increased the percentage of all newly raised applications/change of occupier converted into metered properties.

The campaign “Cheaper with a Meter” first launched in June 2022 has continued through this reporting year. It focuses on improving customer confidence to sign up for a water meter, with a strong call to action by supporting the financial saving that could be achieved through having a water meter and putting our customers in control of their bill. Campaign research found nine out of ten customers achieved a saving, with the average annual saving being in the region of £94, by switching to a water meter demonstrating it can be “Cheaper with a Meter.”

Additionally, our customers have the assurance that if they sign up for a meter through our free meter option scheme, and they do pay more than their rateable value after two years, we will refund the difference. The “Cheaper with a Meter” campaign continues to educate and engage with our customers looking to save money on their bills and reduce the amount of water they use. We have been able to share real customer endorsements of their experience of having a meter and providing those customers with information on how they can maximise the opportunity to reduce their water impact. By supporting customers on our metering journey with water saving devices, tips and information on support measures such as our priority services register, we are confident customers will be able to make an informed decision to remain metered beyond the initial 2 year period.

Our recovery plan continues to accelerate meter uptake through promotional work, and we have sufficient resources in place to meet customer demand.



## I Performance summary – BRL continued

### 3A.14 Raw Water Quality of Sources

In line with our work with farmers in our water supply catchments over the course of the last three years, the annual loss of phosphorus from the land into the water environment will now be reduced by 514kg. This has been achieved by providing advice to farms, for example around soil and nutrient management, and by supporting farms to improve their infrastructure where this will reduce pollution risk, for example by improving slurry storage capacity, installing fencing along watercourses and other interventions.

Over the past four years we have delivered the following support and interventions:

- Advice and support around nutrient and soil management to many farms across the catchments in the programme (Blagdon, Chew, Egford and Cheddar/Axe)
- Nutrient management plans and/or associated soil and manure analysis on numerous farms
- Constructed wetlands
- Watercourse fencing
- Yard improvements (roofing/concreting)
- New slurry stores on three farms
- New dirty water stores
- Slurry/solids separator

In addition to the above, we have provided advice and support around nutrient and soil management to many farms across the catchments.

Our catchment management efforts contribute to maintaining raw water quality in our sources, meaning water is easier and less expensive to treat to a potable standard. They also help to maintain our SSSIs in favourable conservation status and surrounding waterbodies in good ecological status or potential under the Water Framework Directive. This benefits local communities, improves the environment and enhances natural capital.

In line with both specific final determination procedures required for this metric and our programme of external assurance for all performance measures, this measure was audited by Jacobs. All previous actions were address, and no material issues were identified.

### 3A.15 Biodiversity Index

The 2023/24 Biodiversity Index target has been achieved and exceeded by seven index points. This continues the trend of meeting the target each year of the 2020-25 period so far.

Throughout the reporting year of 2023/24, Bristol Water has used investment and resource to ensure asset maintenance, safety, and condition. This work has prevented the deterioration of habitat conditions and ensured natural assets continue to provide multiple ecosystem services such as biodiversity (as recorded by this ODI), recreation, water quality and carbon capture.

Ongoing activities delivered by the Company includes hay cuts that are scheduled to support the growth of wildflowers and wild grasses, scrub cutting, invasive species removal, pollarding and monitoring of trees. We also schedule our biodiversity work to observe natural and ecological constraints such that lifecycles and legislation to minimise disturbance. For example any work that may disturb trees and hedgerow habitats will not be scheduled during the bird nesting season.

Over the reporting year there has been habitat management and intervention work that has resulted in a net gain of 14.82 Biodiversity Index points. Enhancement has been achieved through the planting of hedgerows, plantation woodlands, removal of scrub from grasslands and withy trees from wetlands.

There has been activity to mitigate degradation due to capital delivery projects and the impact of invasive plant species. These include planting to offset tree removal due to ash dieback works, and removal of Himalayan balsam.

Other work has taken the form of strategic planning in terms of invasive species and a proactive programme of habitat maintenance, including a review of grass mowing requirements to balance the need for reservoir safety with the desire to promote grass and flower species diversity at certain sites.

514



**Raw Water Quality of Sources**  
kg of phosphorous saved from loss to environment



17,707



**Biodiversity Index**  
Score





### 3A.15 Biodiversity Index continued

Site	Loss/Gain/Maintain	Net BI change
Blagdon: Grassland	Gain	0.58
Chew Stoke - Grassland	Loss	(4.18)
Chew Stoke - Woodland	Gain	2.32
Chew Valley Lake - Grassland	Gain	2.93
Chew Valley Lake - Grassland	Gain	2.51
Chew Valley Lake - Grassland	Gain	2.20
Charterhouse - Woodland	Gain	0.84
Charterhouse - Woodland	Gain	4.29
Gurney Slade - Woodland	Gain	0.27

### 3A.16 Waste disposal compliance

There have been eight compliance failures reported in 2023, compared to nine failures in 2022. The end of year figure is 98%, consistent with previous years. Four of the 14 active Bristol Water sites being sampled reported breaches.

Two were at Blagdon Treatment Works, attributed to rainfall events and a deterioration in quality at Blagdon Lake raw water quality. There has been a focus on Blagdon which is our most challenging compliance point given underlying raw water quality risks. The level of failures have reduced here from six in the previous year. Two failures were reported at Purton Treatment Works relating to a period of elevated coagulant also following a deterioration in raw water quality.

Three failures occurred at Barrow Treatment Works in a return to a raw water reservoir and one occurred at Rowberrow following localised flooding caused by a burst main, which resulted in non-compliant discharge to a drain.

As part of a group-wide Environmental Performance working group, we are aiming to drive improvement activity to achieve 100% compliance in the future.

### 3A.17 Water Industry National Environment Programme Compliance

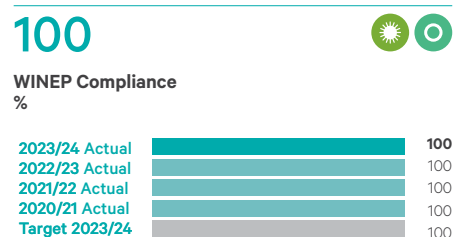
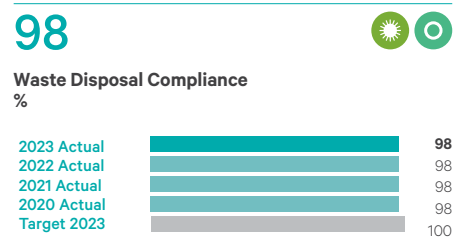
Work to deliver our WINEP obligations and projects has progressed well throughout the four years to date of the 2020-25 period. As a result, Bristol Water achieved 100% compliance against WINEP during 2023/24 as it had done in the first three years of the period. A cumulative total of 33 projects have now been signed off by the Environment Agency (and Natural England for certain investigations).

During the year three projects were signed off by the Environment Agency in line with our target for the year.

Projects we have completed and had signed off to date include abstraction sustainability investigations, catchment water quality investigations at Barrow WTW and at Forum Springs WTW, 18 invasive species and biosecurity investigations, and MCERTS accreditation and certification at a number of sites.

Ongoing projects include catchment management across the River Axe catchment and the Egford boreholes catchment, adaptive management of river flows downstream of Blagdon and Chew Valley Reservoirs, installation of biosecurity signage at a number of sites, MCERTS flow monitoring assessment and certification, feasibility assessment of the effectiveness of reedbeds and wetlands and installation of elver passage at Chew Valley Reservoir. All of these projects are progressing and are on track for delivery in line with the planned timelines.

The WINEP Strategic Natural Asset Plan (SNAP) is progressing on track with the creation of Natural Asset Plans and Strategic Woodland Management Plan. Planning of the Biodiversity Index enhancements are underway for delivery during the 2020-25 period and align with the recently developed Natural Asset Plans and GIS based Natural Asset Register.



## I Performance summary – BRL continued

### 3A.18 Local community satisfaction

Our local community satisfaction target recognises the importance of working together with local stakeholders to tackle jointly the issues which the city faces. For us this means challenging ourselves on the way that we work to deliver a safe and reliable supply to customers, so that we can maximise additional economic, environmental and social value. This approach is underpinned by our social contract, which provides the framework and governance process for the delivery of this wider public value. The process is independently challenged through designated quarterly meetings with our stakeholder panel, known as the Bristol Water Challenge Panel.

In the 2023/24 survey, 88.9% of the social contract stakeholders who completed the survey were either fairly or very satisfied with Bristol Water’s contribution to the communities. This is compared to the committed performance level of 85.0% and last year’s result of 92.0%

Following the results of the Local Community Satisfaction survey 2020/21 and response levels, we implemented certain measures in 2021/22 to ensure both a sufficient number of responses and the satisfaction target are achieved. This resulted in a significant increase in the number of responses, which has been sustained in 2023/24 with a 44.0% increase in responses this year

Our stakeholders’ high satisfaction for this year is based on the positive contribution to the communities that we serve, which our social contract programmes and initiatives aim to achieve. In order to demonstrate to our stakeholders that we have improved our contributions to our local communities, we undertake a range of social contract programmes, with specified objectives for the year.

A particular highlight of the year has been, a collaboration with Wessex Water and Western Power Distribution supporting Avon and Somerset Police’s dementia wristband programme as part of their ‘Dementia Safeguarding Scheme’. The collaboration has funded wristbands which allow essential information such as next of kin to be accessed when it is needed. For more details see: <https://www.bristolwater.co.uk/our-blogs/dementia-partnership>. When a customer is enrolled into the wristband scheme, they are also invited to join the Priority Services Register of all three of the utility companies.

A range of community partnerships as well as community experiences and our lakes and reservoirs have continued.

The survey and the report was conducted by the independent third-party research provider that complies with the Market Research Society Code of Conduct. Jacobs has provided assurance on the survey as part of their ODI assurance work. The measure of satisfaction has slightly declined due to a slight increase of respondents stating they are neither satisfied nor dissatisfied. Although the decrease would not be deemed statistically significant, we keep relevant programmes under review.

The survey and the report was conducted by the independent third-party research provider that complies with the Market Research Society Code of Conduct. Jacobs has provided assurance on the survey as part of their ODI assurance work. The social contract forward programme and benefits and transparency reports continue to be published on the Bristol Water website.

### 3A.19 Abstraction Incentive Mechanism (AIM)

In the Bristol region we do not have any abstractions which have been identified as candidates for the Abstraction Incentive Mechanism, but in order to provide additional protection to the environment we have created our own measure for the area which operates on the same principles. At one of our abstraction sites in the Cotswolds (the Shipton Moyne group), we monitor the groundwater conditions and if groundwater levels drop below our target value at the start of the year we then reduce our target abstraction level for the rest of the year. The threshold was not triggered in 2023, hence this was not an “AIM year” and we do not have a quantified reduction to report for the year.

Specifically the trigger level for 2020-25 was set at 90.0 meters above ordnance datum (mAOD) on 1 April each year, below which the scheme is triggered. At 1 April 2023, the water level was 96.7 mAOD. Indeed this scheme has also not been triggered for 2024/25, with the trigger site having 101.8mAOD at 1 April 2024.

We continue to operate these resources in such a way to minimise the associated abstraction in line with the AIM process.

88.9



#### Local community satisfaction %



N/A



#### Abstraction Incentive Mechanism (AIM) Score



### 3A.20 Glastonbury Street Network Resilience

This performance commitment relates to our investment plans to introduce a new 8.4 km length of 450 mm diameter main that would connect Wells to Glastonbury and Street in Somerset.

Reliability of water supply is a top priority for our customers. The Glastonbury and Street zones are supplied from Cheddar TW via a considerable length of "Critical Main" for which there is no redundancy. This project will ensure that a population of approximately 28,000 have resilience of supply by providing an additional route of supply to Windmill Hill Reservoir, maintaining the supply of water to Glastonbury and Street in the event that the main supply route is lost or compromised. It also ensures that those customers in Glastonbury and Street would be at a significantly less risk of experiencing water supply interruptions of over 24 hours.

The scheme was delivered by March 2023. In line with both specific final determination procedures required for this metric and our programme of external assurance for all performance commitment measures, this measure was audited by Jacobs. The measure is of months delay, and given the on-time delivery it is reported as '0.'

**Zero (on track)**  

#### Glastonbury Street Network Resilience

2023/24 Actual	0
2022/23 Actual	0
2021/22 Actual	0
2020/21 Actual	0
Target 2023/24	0

**TABLE 3C – Customer measure of experience (C-MeX) table**

Item	Unit	Value
Annual customer satisfaction score for the customer service survey	nr	82.11
Annual customer satisfaction score for the customer experience survey	nr	79.84
Annual C-MeX score	nr	80.98
Annual net promoter score	nr	2750
Total household complaints	nr	1,236
Total connected household properties	nr	528,043
Total household complaints per 10,000 connections	nr	23.407
Confirmation of communication channels offered	TRUE or FALSE	TRUE

See Below for further commentary in respect of our C-MeX performance and commentary on other metrics in this section for further details of our performance in respect of customer service in the round.

### C-MeX

In the industry's customer measure of experience (C-MEX) we have both improved our score and our relative position in the industry. We are now positioned fourth in the industry, up two places from last year. Whilst we have ambitions to further improve upon our performance, we are very pleased with this improvement as well as our sustained position above the industry median. Indeed, we were the only company in the industry to see an improved year-on-year score this year.

C-MeX is split into a customer service survey and a perception survey. Our service survey rank was third, which we improved from fourth in 2022/23. Our perception score has also improved from tenth to eighth.

We have therefore achieved our ambitious aim of third for the year as laid out in our Social Contract. For 2024/25 we again aim to achieve third place in the C-MeX measure. We are not complacent and although we were the only company with an absolute C-MeX score improvement, we are aware some of our relative improvement in ranking is likely due to a deterioration in perception of water and sewerage providers during the year.

We have further work to do to improve the customer satisfaction of those customers who have not interacted with us. We will continue to work to share our positive impact in the community and with customers via a range of communication channels and partnership working through our Social Contract.

We have continued a number of community projects such as the drinking water fountains. We have also continued to manage a variety of projects to achieve our performance in this area.

We can confirm that we have offered at least five communication channels for receiving customer contacts and complaints and at least three online channels throughout the reporting year. For completeness, the communication channels are:

- Letter
- Telephone
- Email
- Social media (multiple platforms)
- Webform
- Live chat
- Customer visits (if requested).

**Above median**  

**80.98**

#### C-MeX score



## I Performance summary – BRL continued

**TABLE 3D – Developer services measure of experience (D-MeX) table**

Item	Unit	Value
Qualitative component annual results	nr	82.23
Quantitative component annual results	nr	99.93
D-MeX score	nr	91.08
Developer services revenue (water)	£m	3.220

See page 241 for further commentary in respect of our D-MeX performance

### Calculating the D-MeX quantitative component

Water UK performance metric	Unit	Second reporting period (1 October to 31 March)	Quantitative score (annual)
W1.1 Pre-development enquiry – reports issued	%	100.00%	
W3.1 s45 quotations	%	98.86%	
W4.1 s45 service pipe connections	%	99.45%	
W6.1 Mains design <500 plots – quotations	%	100.00%	
W8.1 Mains construction	%	100.00%	
W17.1 Mains diversions (without constraints) – quotations	%	100.00%	
W18.1 Mains diversions – construction/commissioning	%	100.00%	
W26.1	%	100.00%	
W27.1 Self-lay permanent water supply – provided	%	100.00%	
W30.1 Self lay references and costing details – issued	%	100.00%	
S1.1 Pre-development enquiry – reports issued	%	100.00%	
WN2.2 % Bulk supply offer letters issued to applicant within target period	%	100.00%	
WN4.1 % of main laying schemes constructed/commissioned within target	%	100.00%	
SLPM – S1/2 Review PoC proposal	%	100.00%	
SLPM – S2/2a Provide Design	%	100.00%	
SLPM – S2/2b – Water Company to provide design acceptance	%	100.00%	
SLPM – S3 review/revise Water Adoption agreement	%	100.00%	
SLPM – S4/1 Source of Water Delivery Date	%	100.00%	
SLPM – S7/1 Validate notification and provide consent to progress with connection	%	99.43%	
D-MeX quantitative score (for the reporting period)	%	99.93%	
D-MeX quantitative score (annual)	nr		1.00

### D-MeX

Ofwat publish D-MeX results, as a performance league table, at the end of the reporting year so that customers can clearly see how we perform against other water companies when providing services to developer customers.

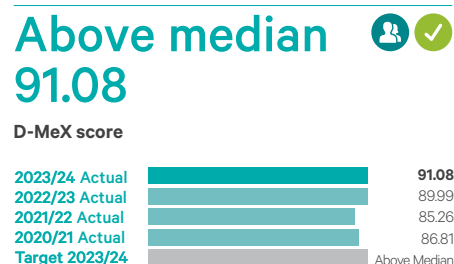
After finishing 2022/23 in fourth position, we dropped to fifth in 2023/24 despite improving our year end performance from 89.99 to 91.08 for the year. This performance improvement meant that our ODI reward increased as we were closer to the best performing company in respect of our score.

During the year we have maintained close relationships with customers and have continued to drive improvements in service for developers, self-lay providers and new applications and variations (NAV's). This has resulted in our highest ever qualitative customer satisfaction survey scores as we acted upon previous customer feedback asking for better communication and timescales for completed work.

We continue to hold account meetings with our NAV customers and offer account meetings with our other developer services customers whereby we discuss both industry and Company changes and developments together with any scheme specific queries.

Our team recognise the importance of customer engagement and discussions on what is important to our developer customers.

The integration within South West Water has enabled our teams to collaborate closely to learn from each other and introduce best practice to deliver a robust and consistent service to customers across both operating regions. We will maintain this focus over the coming year to bring greater alignment.



**TABLE 3E – Outcome performance – Non financial performance commitments**

		Performance level		
	Unit	Actual	PCL met?	See page
<b>Common</b>				
Risk of severe restrictions in a drought	%	7.3	Yes	242
Priority services for customers in vulnerable circumstances – PSR reach	%	8.9	Yes	242
Priority services for customers in vulnerable circumstances – Attempted contacts	%	95.1	Yes	242
Priority services for customers in vulnerable circumstances – Actual contacts	%	59.6	Yes	242
<b>Bespoke PCs</b>				
Percentage of customers in water poverty	%	–	Yes	243
Value for money	%	59	No	243
Percentage of satisfied vulnerable customers	%	80	No	244
WINEP Delivery	text	Met	Yes	244
Total customer complaints	nr/10,000 connections	23.4	Yes	244

## I Performance summary – BRL continued

### 3E.1 Risk of severe restrictions in a drought

The 25 year average customers at risk in the Bristol area was assessed in 2023/24 as 7.3% of the 25 year average total population at risk. This brings the risk back within our target level of 29.8% for the year.

For 2023/24, the supply-demand balance in line with guidance for this metric shows a surplus, outage has reduced, the annual leakage figure has reduced for the year and we forecast a return to annual target performance in 2023/24. These factors have had the effect of reducing the risk of future restrictions and significantly reducing the risk of sever restrictions in a drought metric.

The remaining 7.3% residual risk is a theoretical historic risk, with no future risk identified.

It should be noted that following publication of our 2022/23 Annual Performance Report and further review, a slight reduction to the 2022/23 reported figure of 60.9% to 57.2% would be aligned to an updated outage assessment for Bristol Water. However, this has not been deemed material for adjustment, especially as this would not impact the achievement status of the measure and there is no reward or penalty associated with it.

### 3E.2 Priority services for customers in vulnerable circumstances – PSR reach &

### 3E.3 Priority services for customers in vulnerable circumstances – Attempted contacts &

### 3E.4 Priority services for customers in vulnerable circumstances – Actual contacts

We have registered an additional 12,494 households on the PSR in 2023/24 (net of those removed), taking the number registered from 33,764 to 46,258. We have successfully completed the required cleanse and check of the accuracy of the data this year.

We continue to build on the projects and plans we have ongoing covering a range of activities. We now have a two-way data share in place with National Grid (NGED) and Scottish and Southern Energy Network (SSEN). This helps us understand who further may need priority services. Data sharing is complimented with a range of methods promoting the services including staff awareness, bill messaging, campaigns and other partnership working.

We have also onboarded several external stakeholders this year who support us in identifying those in vulnerable circumstances and registering for our priority services. We continue with our work with our vulnerability heroes supporting the training needs across the business.

7.3



#### Risk of severe restrictions in a drought

% of the population that would experience severe supply restrictions in a 1 in 200 year drought



Achieved



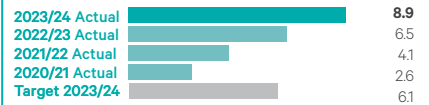
#### Priority services register



8.9



#### PSR – Reach



95.1



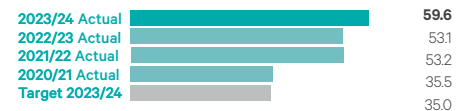
#### PSR – Attempted contacts



59.6



#### PSR – Actual contacts



### 3E.6 Percentage of customers in water poverty

The performance commitment Percentage of Customers in Water Poverty ensures we help those customers on the lowest incomes and experiencing the most serious financial difficulties. To do this we track the percentage of customers in 'water poverty'. Water poverty is defined as the percentage of customers within the Company's supply area for whom their water bill represents more than 2% of their disposable income (defined as gross income less income tax).

We offer three discounted tariffs to make sure we can help customers who find it hard to pay their water charges. In addition to the social tariff schemes, we also have our 'Restart' scheme to help clear their water bill debt.

Customers who qualify for Assist can now have an initial 50% bill reduction before they seek independent debt advice, this can now be done at the first point of asking us. Customers have up to 12 months to get this advice. We still encourage customers to get debt advice as soon as possible as we could give greater discounts if eligible.

Our work with our debt advice partners continues to be key to promoting the help available, alongside marketing and key messages on the bill. We are committed to keeping the message of help as easy as possible for all who need it.

Our reporting approach for 2020-25 is in line with the final determination for the period expectation, to include customers on social tariffs within our analysis, which had contributed in the first to the slightly higher reported figure above the zero baseline. We are pleased to now have achieved our 0% target in line with the regulatory target, to 0 decimal places (i.e less than 0.5%). We continue to take the measures listed above to further reduced this percentage and ensure water bills remain as low as possible for all customers.

Our analysis tool was built and is maintained by CACI Inc.

### 3E.7 Customer satisfaction with value for money

The aim of this performance commitment is to deliver a service that represents value for money for our customers. It is measured via an annual household customer tracking survey of 1,000 customers; the percentage of customers surveyed who consider that we provide good value for money is determined by customers either responding 'very good' or 'good' to the question: "Thinking about value for money, overall how would you rate Bristol Water in relation to the services they provide?"

Customers are selected through random digit dialling (RDD) – a method for selecting customers for involvement in telephone surveys by generating telephone numbers at random. Random digit dialling has the advantage that it includes unlisted numbers that would be missed if the numbers were selected from a phone book.

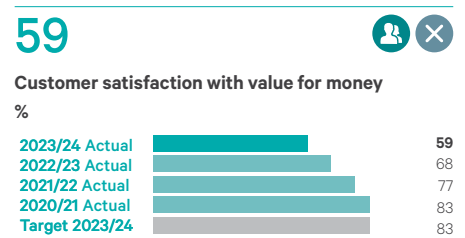
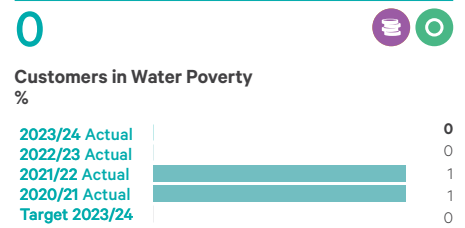
Performance has fallen in the year, primarily due to an increase in customers rating satisfaction with value for money as 'neither good nor poor' and 'poor.' The survey has identified the priorities for improvement (due to a combination of high importance and low performance ratings) as:

- Affordable bills
- Helping to protect the environment
- Responding quickly in emergencies.

Our strategy Addressing affordability and Delivering for our Customers includes areas we have identified to support our customers to make their bills more affordable, including expanding the use of auto-enrolment onto our discounted tariffs for those customers in water poverty.

We use regular post-event research to see how we can improve the service during an emergency, we have recently published a dedicated webpage for information on what to expect in an emergency for all customers and for those on priority services. Our Social Contract includes work with partners to support the local environment and we will continue to communicate this to our customers through a range of opportunities including our paper magazine 'The Drop', newsletters, social media and press coverage.

The continued decline in satisfaction with value for money is also observed in Ofwat's national cost of living tracker.



## I Performance summary – BRL continued

### 3E.8 Percentage of satisfied vulnerable customers

The aim of this performance commitment is to ensure that those customers that are registered for our Priority Services Register (PSR) are satisfied with the services they receive through the PSR. It is measured via an annual survey undertaken by an external third party market researcher in line with the Market Research Society’s code of conduct using a sample size selected to give a reasonable statistical significance. The sample comprises representative percentages of customers aligned to the vulnerability needs of customers as at the end of the previous reporting year.

500 of our customers registered on the PSR were surveyed in 2023/24 and asked to rate the service we have provided as a result of being on the register. 80% of our vulnerable customers rated the service they receive through the PSR as either very satisfied or satisfied compared to the 2023/24 target of 85%. This is also a decrease of 8% from the previous year, but remains above our target.

For the second year in a row, none of the customers surveyed reported that they were ‘fairly unsatisfied’ nor ‘very unsatisfied’ and the decrease in performance is due to an increase in the number of survey participants identifying as ‘neither satisfied nor unsatisfied.’ The increase in customers reporting that they are ‘neither satisfied nor unsatisfied’ appears to correlate to a similar increase in the percentage of customers surveyed who were unaware they were on the PSR.

For 2024/25, we are therefore ensuring that customers registered for priority services will see new tailored communication for planned works that impact them. This should help awareness to increase this year, which should follow through to higher satisfaction as we are not seeing any dissatisfaction in this result.

### 3E.9 WINEP Delivery

Three schemes were scheduled to be completed in 2023/2024 and all these schemes were completed.

The Environment Agency (EA) Water Industry National Environment Programme (WINEP) tracker spreadsheet has been reviewed by both the EA and Bristol Water to confirm that the delivery of the WINEP schemes are on track as at 31 March 2024 (a total of three WINEP schemes have been signed off as complete), building on the position of the programme being met in the previous years. We remain on track to deliver all 50 schemes over the 2020-25 period.

The three schemes completed in the year related to the installation of ‘MCERTS flow monitoring’ at three sites (Chelvey, Purton and Littleton Water Treatment Works) to monitor the flow of discharges back to the relevant watercourses.

### 3E.10 Total customer complaints

We are delighted with our complaints performance which was significantly under our targeted level at 23.4 complaints per 10,000 customers, which we believe will result in an upper quartile position. Complaint resolution and handling is a key focus of our customer experience strategy; every complaint is handled by our Customer Care Team where a designated member of staff ensures that the complaint is resolved on a timely and complete basis. The team provide root cause information which feeds into our learnings and future improvements to prevent repeat complaints. This in turn ensures we are industry leading and reducing the chance of causing customers to complain.

The target is based on the revised CCW definition for total household complaints, with reference to the upper quartile of the previous year of 30.9 complaints per 10,000 customers.

80



#### Percentage of satisfied vulnerable customers %



Met



#### WINEP delivery



23.4



#### Total customer complaints Number/10,000 connections





**TABLE 3F – Underlying calculations for common performance commitments – water and retail**

	Unit	Standardising data indicator	Standardising data numerical value	Performance level – Actual (current reporting year)	Performance level – Calculated (i.e. standardised)			
<b>Performance commitments set in standardised units – Water</b>								
Mains repairs – Reactive		Mains repairs per 1000 km	Mains length in km	6973.23	263			
Mains repairs – Proactive		Mains repairs per 1000 km	Mains length in km	6973.23	607			
Mains repairs		Mains repairs per 1000 km	Mains length in km	6973.23	870			
Per capita consumption (PCC)	lpd	Population		1214.81	176			
	Unit	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 3 year average	Calculated performance level to compare against PCLs
<b>Performance commitments measured against a calculated baseline</b>								
Leakage	MI/d	40.7	35.5	35.6	40.6	38.3	38.2	6.1
Per capita consumption (PCC)	lpd	148.9	161.1	154.7	147.0	144.7	148.8	0.1
	Unit	Standardising data indicator	Standardising data numerical value	Performance level – actual number of minutes lost	Number of properties supply interrupted	Calculated performance level		
<b>Water supply interruptions</b>								
Water supply interruptions		Average number of minutes lost per property per year	Number of properties	561.06	5,273,964	9,278	00:09:24	
				Current company level peak week production capacity (PWPC) MI/d	Reduction in company level PWPC MI/d	Outage proportion of PWPC %		
<b>Unplanned or planned outage</b>								
Unplanned outage				505.00	10.38	2.06%		
	Total Residential properties	PSR household	PSR reach	Total number of households on the PSR over a 2 year period	Number of attempted contacts	Attempted contacts %	Number of actual contacts	Actual contacts %
<b>Priority services for customers in vulnerable circumstances</b>								
Priority services for customers in vulnerable circumstances	518.92	46,258	8.9%	21,288	20,242	95.1%	12,681	59.6%

## I Performance summary – BRL continued

**TABLE 3H – Summary information on outcome delivery incentive payments**

	Initial calculation of performance payments (excluding CMEX and DMEX) £m (2017-18 prices)
<b>Initial calculation of in period revenue adjustment by price control</b>	
Water resources	0.03
Water network+	(2.54)
Residential retail	0.04
Business retail	–
<b>Initial calculation of end of period revenue adjustment by price control</b>	
Water resources	–
Water network+	(2.67)
Residential retail	(0.11)
Business retail	–
<b>Initial calculation of end of period RCV adjustment by price control</b>	
Water resources	–
Water network+	–
Residential retail	–
Business retail	–

**TABLE 3I – Supplementary outcomes information**

	Current company level peak week production capacity (PWPC) MI/d	Reduction in company level PWPC MI/d	Outage proportion of PWPC %			
<b>Unplanned or planned outage</b>						
Planned outage	505.00	65.43	12.96%			
	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk
<b>Risk of severe restrictions in drought</b>						
Risk of severe restrictions in drought	327.50	9.71	275.69	16.29	1266.03	–

# Additional regulatory information – BRL



**TABLE 4A – Water bulk supply information**

	Volume MI	Operating costs £m	Revenue £m
<b>Bulk supply exports</b>			
Wessex – Newton Meadows	1,728.917	1.191	1.171
Wessex – Marshfield	10.665	0.015	0.016
Wessex – Ashcott	93.808	0.131	–
Leep – Emersons Green Inset	274.217	0.297	0.347
IWNL – Locking Parklands Inset	44.561	0.048	0.056
Parkway North	7.948	0.007	0.009
Keyford Meadows	0.874	0.001	0.001
Ladden Garden	22.990	0.019	0.022
Brue Farm	3.843	0.004	0.004
Bonnington Farm	1.742	0.002	0.002
Engine Lane	5.156	0.006	0.007
Youngwood Lane	5.421	0.006	0.007
Isleport Road	0.087	–	–
Upper New Road	1.995	0.002	0.003
Helliers Lane	1.023	0.001	0.001
Haws Wood	1.117	0.001	0.001
Fishpool Hill	3.320	0.004	0.004
Imperial Park	0.013	–	–
Morton Way	1.937	0.002	0.002
The Triangle	0.840	0.001	0.001
Hawkfield Way	0.088	–	–
City Gateway	0.008	–	–
<b>Total bulk supply exports</b>	<b>2,210.570</b>	<b>1.738</b>	<b>1.654</b>
<b>Bulk supply imports</b>			
		Volume MI	Operating costs £m
Wessex – West Lydford		16.091	0.001
Wessex – Corsley		28.111	0.059
Wessex – Standerwick		–	–
Wessex – Chapmanslade		18.510	0.041
Wessex – Compton Dundon (Ivythorn)		96.966	–
Wessex – Shipton Moyne Essex		5.749	–
<b>Total bulk supply imports</b>		<b>165.427</b>	<b>0.101</b>

Wessex Water exports have seen a decrease from the previous year. These had all (with Newton Meadows in particular seeing the greatest) increased due to the drought in 2022/23, which meant that Wessex Water had needed to import more water to support their water resources. With drought conditions subsiding, and England having had its wettest 18 months since Met Office records began in 1836, Wessex Water did not need to import as much water in 2023/24. The exception to this is Ashcott, where volume remained consistent.

Exports to NAV sites under the licence of various NAVs (Independent Water Networks Limited, LEEP Utilities Limited, or Icosa Water Limited.) Only two sites (Emersons Green and Locking Parklands under Lines 4-5) had recorded volume in 2022/23 and both sites have seen an increase in volume in 2023/24. This is to be expected whilst both sites are continuing to complete their build out and customers move into properties. The remaining sites feature for the first time this year and therefore there is nothing to compare.

Bulk Supply imports from Wessex Water are in line with expectations based on our water resource requirements throughout the year.

## 4B – Analysis of Debt

In accordance with RAG 3.14, point 2.7, table 4B is not required to be included as part of the APR due to its size, but it is included within the APR tables on our website.

# Additional regulatory information – service level – BRL

**TABLE 4C – Impact of price control performance to date on RCV**

	12 months ended 31 March 2024			
	Water resources £m	Water network+ £m	Water resources £m	Water network+ £m
<b>Totex (net of business rates, abstraction licence fees and grants and contributions)</b>				
Final determination allowed Totex (net of business rates, abstraction licence fees and grants and contributions)	14.415	75.194	57.911	275.585
Actual Totex (net of business rates, abstraction licence fees and grants and contributions)	12.021	98.842	43.526	329.798
Transition expenditure	-	-	-	-
Disallowable costs	-	-	-	-
Total actual Totex (net of business rates, abstraction licence fees and grants and contributions)	12.021	98.842	43.526	329.798
Variance	(2.394)	23.648	(14.385)	54.213
Variance due to timing of expenditure	3.699	(0.022)	-	-
Variance due to efficiency	(6.093)	23.670	(14.385)	54.213
Customer cost sharing rate (outperformance)	55.00%	55.00%	55.00%	55.00%
Customer cost sharing rate (underperformance)	45.00%	45.00%	45.00%	45.00%
Customer share of Totex overspend	-	10.652	-	24.396
Customer share of Totex underspend	(3.351)	-	(7.912)	-
Company share of Totex overspend	-	13.019	-	29.817
Company share of Totex underspend	(2.742)	-	(6.473)	-
<b>Totex – business rates and abstraction licence fees</b>				
Final determination allowed Totex – business rates and abstraction licence fees	5.195	4.440	19.010	16.244
Actual Totex – business rates and abstraction licence fees	3.340	3.488	14.921	15.155
Variance – business rates and abstraction licence fees	(1.855)	(0.952)	(4.089)	(1.089)
Customer cost sharing rate – business rates	78.02%	87.93%	77.41%	87.76%
Customer cost sharing rate – Abstraction licence fees	78.02%	87.93%	77.41%	87.76%
Customer share of Totex over/underspend – business rates and abstraction licence fees	(1.447)	(0.837)	(3.165)	(0.956)
Company share of Totex over/underspend – business rates and abstraction licence fees	(0.408)	(0.115)	(0.924)	(0.133)
<b>Totex not subject to cost sharing</b>				
Final determination allowed Totex – not subject to cost sharing	0.348	6.526	2.170	27.518
Actual Totex – not subject to cost sharing	0.633	2.557	2.885	8.710
Variance – 100% company allocation	0.285	(3.969)	0.715	(18.808)
Total company share of Totex over/under spend	(4.798)	9.814	(11.077)	23.440
<b>RCV</b>				
Total Customer share of Totex over/under spend	(4.798)	9.814	(11.077)	23.440
PAYG rate	83.43%	73.94%	78.39%	74.16%
RCV element of Totex over/underspend	(0.795)	2.558	(2.394)	6.057
Adjustment for ODI outperformance payment or underperformance payment			-	-
Green recovery			-	-
RCV determined at FD at 31 March			157.268	510.537
Projected 'shadow' RCV			154.874	516.594

## Table 4C Commentary

<b>Table 4C summary</b>	Water Resources £m	Water Network £m	Total Water £m
Final determination allowance excluding business rates, abstraction licences and grants and contributions	14	75	89
Final determination allowance business rates and abstraction licences	5	4	9
	<b>19</b>	<b>79</b>	<b>99</b>
Actual excluding business rates, abstraction licences and grants and contributions	12	99	111
Actual business rates and abstraction licence	3	3	7
<b>Total</b>	<b>15</b>	<b>102</b>	<b>118</b>

Table 4C indicates the impact on the RCV at the end of the price control period as a result of cumulative performance to date. The year end RCV figures in nominal terms are published by Ofwat on an annual basis. As at the 31st of March Bristol Waters RCV is £668m.

## I Additional regulatory information – service level – BRL continued

**TABLE 4D – Totex analysis – water resources and water network+**

	Network+					Total £m
	Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
<b>Operating expenditure</b>						
Base operating expenditure	12.426	0.774	–	19.987	27.361	<b>60.548</b>
Enhancement operating expenditure	0.143	–	–	–	0.665	<b>0.808</b>
Developer services operating expenditure	–	–	–	–	0.476	<b>0.476</b>
Total operating expenditure excluding third party services	12.569	0.774	–	19.987	28.502	<b>61.832</b>
Third party services	0.389	0.009	–	0.772	0.444	<b>1.614</b>
<b>Total operating expenditure</b>	<b>12.958</b>	<b>0.783</b>	<b>–</b>	<b>20.759</b>	<b>28.946</b>	<b>63.446</b>
<b>Grants and contributions</b>						
Grants and contributions – operating expenditure	–	–	–	–	2.713	<b>2.713</b>
<b>Capital expenditure</b>						
Base capital expenditure	1.661	0.020	0.294	7.687	26.190	<b>35.852</b>
Enhancement capital expenditure	1.375	–	–	0.124	11.965	<b>13.464</b>
Developer services capital expenditure	–	–	–	–	10.068	<b>10.068</b>
Total gross capital expenditure (excluding third party)	3.036	0.020	0.294	7.811	48.223	<b>59.384</b>
Third party services	–	–	–	0.090	0.059	<b>0.149</b>
<b>Total gross capital expenditure</b>	<b>3.036</b>	<b>0.020</b>	<b>0.294</b>	<b>7.901</b>	<b>48.282</b>	<b>59.533</b>
<b>Grants and contributions</b>						
Grants and contributions – capital expenditure	–	–	–	–	(0.615)	<b>(0.615)</b>
<b>Net Totex</b>	<b>15.994</b>	<b>0.803</b>	<b>0.294</b>	<b>28.660</b>	<b>75.130</b>	<b>120.881</b>
<b>Cash expenditure</b>						
Pension deficit recovery payments	–	–	–	–	–	–
Other cash items	–	–	–	–	–	–
<b>Totex including cash items</b>	<b>15.994</b>	<b>0.803</b>	<b>0.294</b>	<b>28.660</b>	<b>75.130</b>	<b>120.881</b>
<b>Total atypical expenditure</b>	–	–	–	–	–	–

### Operating Expenditure

Operating expenditure has decreased year on year by £1.042m (£64.488m in 22/23). The decrease in costs have come from a decrease in business rates due to a revaluation of Bristol Water's sites and a shift in focus of the work force, from operational work to capital focussed work, as the capital programme has increased. The cost savings in the year, have been somewhat offset by an increase in power costs, caused by a rise in the average price paid p/Mwh as a result of power price hedging contracts entered into.

### Capital Expenditure

Capital expenditure has increased year on year by £8699m (£50.834m in 22/23). The increase in capital has been due to further spend on leakage, additional base spend on reservoirs and treatment works and growth main laying schemes.

There were several leakage schemes conducted in the year to help meet the end of amp leakage ODI and in response the DEFRA Minister Letter, which noted Bristol Water's lagging performance. Bristol Water's ODI target is to reduce the three year average leakage from 36.9Mld to 34.7Mld. Schemes to improve leakage in the year have been increasing the Active Leakage Control detection team, introduction of new network monitoring and loggers and additional repairs to the network which saw an additional 1,118 repairs.

Base maintenance treatment works and reservoirs increased during 2023-24, following the resource pressures in 2022-23, to ensure supply and storage of water could be at maximum capacity.

**TABLE 4F – Major project expenditure for wholesale water by purpose**

Line description	Units	Dps	Expenditure in report year £m					Total	Cumulative expenditure on incurred on schemes in £m					Total
			Water network+						Water network+					
			Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution		Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	
Major project capital expenditure by purpose														
Regional Strategic Schemes: West Country North Sources (Gate 2)	£m	3	0.036	-	-	-	0.108	0.144	0.180	-	-	-	0.539	0.719
<b>Total major project capital expenditure</b>	<b>£m</b>	<b>3</b>	<b>0.036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.108</b>	<b>0.144</b>	<b>0.180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.539</b>	<b>0.719</b>

**TABLE 4H – Financial metrics as at 31 March 2024**

The Financial metrics table contains appointee level information and has been completed on a combined basis (SBB) only, therefore please see page 113 for details.

## I Additional regulatory information – service level – BRL continued

### TABLE 4I – Financial derivatives

Bristol Water does not have any derivatives.



TABLE 4J – Base expenditure analysis – water resources and water network+

	Water network+					Total £m
	Water resources £m	Raw water distribution £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
<b>Operating expenditure</b>						
Power	2,991	0.112	–	4,736	5,323	<b>13,162</b>
Income treated as negative expenditure	(0.016)	(0.001)	–	(0.026)	(0.027)	<b>(0.070)</b>
Bulk supply	0.013	–	–	0.029	0.058	<b>0.100</b>
Renewals expensed in year (infrastructure)	0.030	0.030	–	0.072	1,997	<b>2,129</b>
Renewals expensed in year (non-infrastructure)	–	–	–	–	–	<b>–</b>
Other operating expenditure	6,068	0,476	–	14,918	16,465	<b>37,927</b>
Local authority and Cumulo rates	1,205	0,157	–	0,260	3,073	<b>4,695</b>
<b>Service charges</b>						
Canal & River Trust abstraction charges/discharge consents	0,705	–	–	–	–	<b>0,705</b>
Environment Agency/NRW abstraction charges/discharge consents	1,430	–	–	–	–	<b>1,430</b>
Other abstraction charges/discharge consent	–	–	–	(0,002)	–	<b>(0,002)</b>
<b>Other operating expenditure</b>						
Costs associated with Traffic Management Act	–	–	–	–	0,472	<b>0,472</b>
Costs associated with lane rental schemes	–	–	–	–	–	<b>–</b>
Statutory water softening	–	–	–	–	–	<b>–</b>
<b>Total base operating expenditure</b>	<b>12,426</b>	<b>0,774</b>	<b>–</b>	<b>19,987</b>	<b>27,361</b>	<b>60,548</b>
<b>Capital expenditure</b>						
Maintaining the long term capability of the assets – infra	0,370	–	0,268	–	17,956	<b>18,594</b>
Maintaining the long term capability of the assets – non-infra	1,291	0,020	0,026	7,687	8,234	<b>17,258</b>
<b>Total base capital expenditure</b>	<b>1,661</b>	<b>0,020</b>	<b>0,294</b>	<b>7,687</b>	<b>26,190</b>	<b>35,852</b>
<b>Traffic Management Act</b>						
Projects incurring costs associated with Traffic Management Act	–	–	–	–	14,099	<b>14,099</b>

This table represents a calculation of the base wholesale operating expenditure, and is summarised in total in table 4D. A further comparison of these costs in relation to the wholesale allowance are outlined in the commentary associated with table 4D.

## I Additional regulatory information – service level – BRL continued

### 4L – Enhancement expenditure for the 12 months ended 31 March 2024 – water resources and water network+

In accordance with RAG 314, point 2.7, table 4L is not required to be included as part of the APR due to its size.

A summarised version of this table, showing totex, is produced below showing the comparison between cumulative actual spend and cumulative allowed spend in 2022/23 prices.

Line description	Cumulative expenditure on all schemes to reporting year end Total	Cumulative allowed expenditure on all schemes to reporting year end Total	Cumulative allowed expenditure on all schemes 2020-25 Total
EA/NRW environmental programme (WINEP/NEP)			
Ecological improvements at abstractions	0.273	3.051	3.760
Eels Regulations (measures at intakes)	1.954	0.394	0.486
Invasive Non Native Species	0.803	0.520	0.641
Drinking Water Protected Areas (schemes)	0.370	1.422	1.752
Water Framework Directive measures	–	0.223	0.275
Investigations	1.053	0.455	0.561
<b>Total environmental programme expenditure</b>	<b>4.453</b>	<b>6.065</b>	<b>7.475</b>
<b>Supply–demand balance</b>			
Supply–side improvements delivering benefits in 2020–2025	–	–	–
Demand–side improvements delivering benefits in 2020–2025 (excl leakage and metering)	0.119	–	–
Leakage improvements delivering benefits in 2020–2025	15.541	4.749	5.849
Internal interconnectors delivering benefits in 2020–2025	–	–	–
Supply demand balance improvements delivering benefits starting from 2026	0.309	–	–
Strategic regional water resources	0.849	2.505	2.505
<b>Total supply demand expenditure</b>	<b>16.818</b>	<b>7.254</b>	<b>8.354</b>
<b>Metering</b>			
<b>Total metering expenditure</b>	<b>14.957</b>	<b>9.255</b>	<b>11.399</b>
<b>Other enhancement</b>			
Improvements to taste, odour and colour	–	–	–
Addressing raw water deterioration (grey solutions)	1.144	1.466	1.806
Addressing raw water deterioration (green solutions)	–	–	–
Addressing raw water deterioration (total)	1.144	1.466	1.806
Improvements to river flow	–	–	–
Enhancing resilience to low probability high consequence events	7.286	7.980	9.829
Conditioning water to reduce plumbosolvency	–	–	–
Lead communication pipes replaced or relined for water quality	2.428	0.320	0.394
Other lead reduction related activity	–	–	–
Meeting lead standards (total)	2.428	0.320	0.394
Security – SEMD	–	0.118	0.146
Security – Non-SEMD	–	–	–
<b>Total other enhancement expenditure</b>	<b>10.858</b>	<b>9.884</b>	<b>12.175</b>
<b>Total enhancement</b>			
<b>Total enhancement expenditure</b>	<b>47.086</b>	<b>32.458</b>	<b>39.403</b>
<b>Leakage</b>			

Spend in 2023-24 of £7.6m includes Active Leakage Control and Pressure Management.

A number of proposals were put in place for year 4 to meet leakage target to reduce the leakage number to meet our ODI from the current 3 year rolling number of 36.9MLd to 34.7MLd at the end of the AMP, our PR24 start point. This is also in response to the DEFRA Minister Letter, noting BRL lagging performance.

Proposals such as increasing our ALC detection team, which included increased weekend working and overtime as well as specific projects around the introduction of new network monitoring and loggers to understand areas of high leakage (please see methodology for the list of projects).

Due to the increased ALC activity, an additional 1,118 detected repairs were made on our network. As the repairs were above the asset modelled figure to maintain, all these additional repairs were classed as an enhancement

### Metering

There has been a 2.6% increase in Meter penetration vs the target of 2.68%

A Sub Metering policy has been created and is now in place to stop new shared supplies and removing bulk meters

Since the beginning of AMP 7 we have developed our in-house team of Surveyors, Plumbers and Construction teams. This has allowed Bristol Water meet the changing demand for internal and newly installed stop taps which peaked at 70% of all the emerging work in year 4. This change in demand also represents a new challenge to maintain the unit cost under the previous AMP cost £469 per meter to provide our customers value for money to complete our Metering commitments. Although we are now undertaking more complex work, we have increased from an average of 60% of all newly raised applications/change of occupier converted into metered properties to 66% in year 4.

By the end of year 4 we have exceeded the AMP target of 40,000 meters and by the end of the AMP we will exceed the 9% increase and made some way to recover the shortfall in AMP 6 and the Impact of COVID.

The campaign "Cheaper with a Meter" first launched in June 2022 has continued through the reporting year. The campaign focuses on improving customer confidence to sign up for a water meter, with a strong call to action by supporting the financial saving that could be achieved through having a water meter and putting our customers in control of their bill. Campaign research found 9 out of 10 customers achieved a saving, with the average annual saving being in the region of £94, by switching to a water meter demonstrating it can be "Cheaper with a Meter".

### Resilience

The spend during 2023-24 relates to the Wells to Glastonbury resilience scheme (£132k). The project installed 8.3km of new mains onto the network to improve our resilience in case of an outage. This scheme is fully complete and in operation.

**TABLE 4N – Developer services expenditure – water resources and water network+**

	CAPEX £m	OPEX £m	Treated water distribution
			TOTEX £m
New connections	4.059	–	<b>4.059</b>
Requisition mains	2.762	–	<b>2.762</b>
Infrastructure network reinforcement	3.150	–	<b>3.150</b>
s185 diversions	0.097	–	<b>0.097</b>
Other price controlled activities	–	0.476	<b>0.476</b>
<b>Total developer services expenditure</b>	<b>10.068</b>	<b>0.476</b>	<b>10.544</b>

### Developer Services

Network reinforcement is required as a consequence of Developments and is funded from the collection of Infrastructure Charges from new developments.

In 2023/24 there has been an increase of 265% principally due to the construction of a new Trunk Main between Forum TW and Shepton Mallet which will provide capacity for Developments South of the Shepton Mallet Area the largest being over 500 homes and a new 250mm diameter main between Almondsbury Reservoir and Brentry serving Developments alongside the M5 and up to 1,100 properties in Fishpool Hill.

**TABLE 4P – Expenditure on non-price control diversions**

	Water resources £m	Water network+ £m	Total £m
<b>Non-price control diversions</b>			
Costs associated with NSWRA diversions	–	–	–
Costs associated with other non-price control diversions	–	–	–
Other developer services non-price control totex	–	–	–
<b>Developer services non-price control totex</b>	–	–	–

Table 4P shows a nil value this year as no NRSWA diversions were undertaken compared to last year.

## Additional regulatory information – water resources – BRL

TABLE 4Q – Developer services – Non financial information

	Water nr	Total nr
<b>Connections volume data</b>		
New connections (residential – excluding NAVs)	1,454	<b>1,454</b>
New connections (business – excluding NAVs)	23	<b>23</b>
<b>Total new connections served by incumbent</b>	<b>1,477</b>	<b>1,477</b>
<b>New connections – SLPs</b>	999	
<b>Properties volume data</b>		
New properties (residential – excluding NAVs)	3,623	<b>3,623</b>
New properties (business – excluding NAVs)	23	<b>23</b>
<b>Total new properties served by incumbent</b>	<b>3,646</b>	<b>3,646</b>
New residential properties served by NAVs	1,136	<b>1,136</b>
New business properties served by NAVs	8	<b>8</b>
<b>Total new properties served by NAVs</b>	<b>1,144</b>	<b>1,144</b>
<b>Total new properties</b>	<b>4,790</b>	<b>4,790</b>
<b>New properties – SLP connections</b>	1212	
<b>New water mains data</b>		
Length of new mains (km) – requisitions	8	
Length of new mains (km) – SLPs	7	

TABLE 4R – Connected properties, customers and population

	Units	Unmeasured	Measured	Total	Voids
<b>Customer numbers – average during the year</b>					
Residential water only customers	000s	174.512	342.874	<b>517.386</b>	9.015
<b>Total residential customers</b>	<b>000s</b>	<b>174.512</b>	<b>342.874</b>	<b>517.386</b>	<b>9.015</b>
Business water only customers	000s	1.040	30.059	<b>31.099</b>	2.156
<b>Total business customers</b>	<b>000s</b>	<b>1.040</b>	<b>30.059</b>	<b>31.099</b>	<b>2.156</b>
<b>Total customers</b>	<b>000s</b>	<b>175.552</b>	<b>372.933</b>	<b>548.485</b>	<b>11.171</b>

	Units	Water		Total
		Unmeasured	Measured	
<b>Property numbers – average during the year</b>				
Residential properties billed	000s	174.512	342.874	<b>517.386</b>
Residential void properties	000s			<b>9.015</b>
Total connected residential properties	000s			<b>526.401</b>
Business properties billed	000s	1.040	30.059	<b>31.099</b>
Business void properties	000s			<b>2.156</b>
<b>Total connected business properties</b>	<b>000s</b>			<b>33.255</b>
<b>Total connected properties</b>	<b>000s</b>			<b>559.656</b>

Property and meter numbers – at end of year (31 March)	Units	Water										Total	Total
		Unmeasured					Measured						
		No meter	Basic meter	AMI Meter (capable)	AMI Meter (active)	Total	Basic meter	AMR meter	AMI Meter (capable)	AMI Meter (active)	Total		
Total new residential properties connected in year	000s	–	–	–	–	–	2,476	1,147	–	–	3,623	3,623	
Total new business properties connected in year	000s	–	–	–	–	–	0,018	0,005	–	–	0,023	0,023	
Residential properties billed at year end	000s	168,437	0,485	–	–	168,922	316,721	33,280	–	–	350,001	518,923	
Residential void properties at year end	000s					3,411					5,545	8,956	
Total connected residential properties at year end	000s					172,333					355,546	527,879	
Business properties billed at year end	000s	1,021	0,014	–	–	1,035	27,417	2,593	–	–	30,010	31,045	
Business void properties at year end	000s					0,401					1,735	2,136	
<b>Total connected business properties at year end</b>	000s					1,436					31,745	33,181	
<b>Total connected properties at year end</b>	000s					173,769					387,291	561,060	

#### Population data

	Units	Water
Resident population	000s	1266,028
Non-resident population	000s	N/A

Household population data	Water				Total
	Units	DPs	Resident population	Non-resident population	
Household population	000s	3	1214,809	–	1214,809
Household measured population (water only)	000s	3	720,035	–	720,035
Household unmeasured population (water only)	000s	3	494,774	–	494,774

#### Metering

Metering is generally regarded as being the fairest and most accurate way to pay for water. However, our customers have consistently told us through consultations and surveys that they do not wish to see full compulsory metering for all our domestic customers. Therefore, we are reliant upon customer demand, meter installations upon change of ownership and effective, persuasive marketing.

#### Business Voids

Business void properties are covered by lines 4R.5–9 and 4R.13–14. Total non-domestic property numbers continue to remain relatively static. We have observed a continuing decrease in the numbers of vacant non-domestic properties, as the economy has now recovered from the impacts of the Covid pandemic. It is anticipated that this increase in occupancy rates will continue into the future, but further large movements in property occupancy rates are not anticipated. The number of void, or vacant, non-domestic void properties had significantly increased between 2020 and 2022, due to the prevailing Covid situation, but the last couple of financial years have seen a reduction in the number of vacant non-domestic properties, as the economy has returned to pre-Covid trading levels.

#### Population

Population is covered by lines 4R.28–32. The total population is calculated with reference to external data acquired from the CACI analytical company, based on the Bristol Water supply area, as an average between the total population in April 2023 and the total population in April 2024. The resulting average is then corrected for the estimate of population using a private supply, as opposed to being supplied by the company. There are no significant changes to the methodology or the results compared with previous years.

In accordance with Ofwat's "IN 24/01 Expectations for monopoly company annual reporting 2023-24", we can confirm our total connected properties do not include cattle troughs in the current reporting year or the previous two years.

#### TABLE 4V – Mark-to-market of financial derivatives analysed based on payment dates

Bristol does not have any derivatives.

#### TABLE 4W – Defined Benefit Pension Scheme – Additional Information

Bristol does not have any defined benefit pension schemes.

## | Additional regulatory information – water resources – BRL

**TABLE 4X – Accelerated infrastructure delivery project expenditure – water resources and water network+ for the 12 months ended 31 March 2024**

		Expenditure in report year					<b>Total £m</b>
		Water network+					
		Water resources £m	Raw water transport £m	Raw water storage £m	Water treatment £m	Treated water distribution £m	
<b>Accelerated infrastructure delivery project</b>							
Customer Side Leakage	Capex	-	-	-	-	-	-
Customer Side Leakage	Opex	-	-	-	-	-	-
Customer Side Leakage	Totex	-	-	-	-	-	-
Lead Replacement	Capex	-	-	-	-	-	-
Lead Replacement	Opex	-	-	-	-	-	-
Lead Replacement	Totex	-	-	-	-	-	-
<b>Total accelerated programme capex</b>	Capex	-	-	-	-	-	-
<b>Total accelerated programme opex</b>	Opex	-	-	-	-	-	-
<b>Total accelerated programme expenditure</b>	Totex	-	-	-	-	-	-

Preparations for the roll out of the accelerated programme have been with our BAU Processes with spend expected to ramp up in 2024/25.

The lead replacement programme is a year five programme, with all expenditure planned for 2024/25. This will allow us to take lessons learnt and roll it into year one of the regulatory period 2025-30, if it provides the gains that are expected.



# Additional regulatory information – water network plus – BRL

**TABLE 5A – Water resources asset and volumes data**

	Units	Input
<b>Water resources</b>		
Water from impounding reservoirs	MI/d	7360
Water from pumped storage reservoirs	MI/d	158.67
Water from river abstractions	MI/d	11.66
Water from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	MI/d	41.14
Water from artificial recharge (AR) water supply schemes	MI/d	–
Water from aquifer storage and recovery (ASR) water supply schemes	MI/d	–
Water from saline abstractions	MI/d	–
Water from water reuse schemes	MI/d	–
Number of impounding reservoirs	nr	3
Number of pumped storage reservoirs	nr	8
Number of river abstractions	nr	–
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	nr	14
Number of artificial recharge (AR) water supply schemes	nr	–
Number of aquifer storage and recovery (ASR) water supply schemes	nr	–
Number of saline abstraction schemes	nr	–
Number of reuse schemes	nr	–
Total number of sources	nr	25
Total number of water reservoirs	nr	11
Total volumetric capacity of water reservoirs	MI	38,604
Total number of intake and source pumping stations	nr	15
Total installed power capacity of intake and source pumping stations	kW	6,798
Total length of raw water abstraction mains and other conveyors	km	42.11
Average pumping head – raw water abstraction	m.hd	28.68
Energy consumption – raw water abstraction	MWh	12,938.937
Total number of raw water abstraction imports	nr	–
Water imported from third parties' raw water abstraction systems	MI/d	–
Total number of raw water abstraction exports	nr	–
Water exported to third parties' from raw water abstraction systems	MI/d	–
Water resources capacity (measured using water resources yield)	MI/d	327.50
<b>Total number of completed investigations (WINEP/NEP), cumulative for AMP</b>	<b>nr</b>	<b>33.00</b>

2022/23 was very dry and 2023/24 a very wet year, leading to different supply strategies. In 22/23 we used more from our drought resilient Sharpness sources (via pumped storage) to preserve the water in our impounding reservoirs (Chew, Blagdon and Cheddar), whereas for 23/24 we used more from our impounding reservoirs, particularly Cheddar to minimise GHG emissions and energy consumption as it's one of our cleanest large surface water supplies. We also pumped directly from the Sharpness Canal (bypassing pumped storage) when water quality allowed to reduce pumping energy consumption, this increased our water from River abstractions.

We have no Artificial Recharge, Aquifer Storage Recovery, saline or reuse schemes.

Total number of sources (Line 5A.17), broken down by category, (Lines 5A.9-16) have remained unchanged since 2011. During year 2023/24 Bristol Water had three source sites (Shipton Moyne TW, Charterhouse TW & Sherborne TW) whereby no water was abstracted for operational reasons, these sites are still officially operational sites. Based on the definition provided by OFWAT in RAG 4.12 (A source is defined as an independent raw water supply that directly supplies a treatment works, such as impounding reservoirs, river abstractions and groundwater works. Standby or mothballed sources from which no water has been obtained in the year should not be included.)

Bristol Water has interpreted these exclusion parameters as:

- Standby sites from which no water has been obtained; and
- Mothballed sites from which no water has been obtained.

Therefore, due to these three sources still holding full continuous abstraction licences and being neither standby or mothballed sites have been included in the count with a 0.00MI abstraction value reported in lines 5A.1-8.

Bristol Water's interpretation of the OFWAT definition would deem mothballed sites to be sources for which an abstraction licence was no longer held; and standby sites to be specifically designed as an 'on-call' source, of which Bristol Water has none.

Number and Capacity of Water Reservoirs (Lines 5A.18-19) remain unchanged from 2022/23 reported figures. Bristol Water has 11 raw water reservoirs with a combined capacity of 38,604 MI.

Number of Intake and Source Pumping Stations (Line 5A.20) and their installed power capacity (Line 5A.21) remains unchanged from 2022/23 reported figures.

The confidence grading for all lines (5A.9-21) is A1 due to consistent and repeatable results.



**TABLE 5B – Water resources operating cost analysis**

	Impounding reservoir £m	Pumped storage £m	River abstractions £m	Groundwater, excluding MAR water supply £m	Artificial Recharge (AR) water supply schemes £m	Aquifer Storage and Recovery (ASR) water supply schemes £m	Other £m	Total £m
Power	1.983	0.587	–	0.417	–	–	0.004	2.991
Income treated as negative expenditure	(0.010)	(0.003)	–	(0.002)	–	–	–	(0.015)
Abstraction charges/ discharge consents	0.756	0.706	–	0.674	–	–	–	2.136
Bulk supply	0.003	–	–	0.010	–	–	–	0.013
<b>Other operating expenditure</b>								
Renewals expensed in year (Infrastructure)	0.013	0.012	–	0.004	–	–	–	0.029
Renewals expensed in year (Non-Infrastructure)	–	–	–	–	–	–	–	–
Other operating expenditure excluding renewals	1.875	3.686	–	0.508	–	–	(0.002)	6.067
Local authority and Cumulo rates	0.961	0.160	–	0.084	–	–	–	1.205
<b>Total operating expenditure (excluding third party)</b>	<b>5.581</b>	<b>5.148</b>	<b>–</b>	<b>1.695</b>	<b>–</b>	<b>–</b>	<b>0.002</b>	<b>12.426</b>

Table 5B presents a breakdown of Bristol Water's total water resources operating costs for 2023/24 by the following categories: Impounding Reservoirs, Pumped Storage, River Abstractions, Groundwater, excluding MAR water supply schemes, Artificial Recharge (AR) water supply schemes, Aquifer Storage and Recovery (ASR) water supply schemes and Other. For 2023/24 Bristol Water has not reported any expenditure against River Abstractions, Artificial Recharge (AR) water supply schemes or Aquifer Storage and Recovery (ASR) water supply schemes.

The total operating expenditure (excluding third party) in Table 5B must reconcile to the Water resources total operating expenditure excluding third party services in Table 4J.

## I Additional regulatory information – water network plus – BRL continued

**TABLE 6A – Raw water transport, raw water storage and water treatment data**

	Units	Input
Raw water transport and storage		
Total number of balancing reservoirs	nr	4
Total volumetric capacity of balancing reservoirs	MI	688
Total number of raw water transport stations	nr	8
Total installed power capacity of raw water transport pumping stations	kW	3,584
Total length of raw water transport mains and other conveyors	km	99.75
Average pumping head – raw water transport	m.hd	41.21
Energy consumption – raw water transport	mWh	3,614.758
Total number of raw water transport imports	nr	1
Water imported from third parties' raw water transport systems	MI/d	0.02
Total number of raw water transport exports	nr	1
Water exported to third parties' raw water transport systems	MI/d	0.34
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	km	0.32

	Surface water		Ground water	
	Water treated MI/d	Number of works	Water treated MI/d	Number of works
<b>Water treatment – treatment type analysis</b>				
All simple disinfection works	–	–	1.61	1
W1 works	–	–	–	–
W2 works	–	–	–	–
W3 works	–	–	–	–
W4 works	26.79	1	30.06	9
W5 works	223.37	5	–	–
W6 works	–	–	–	–

<b>Water treatment – works size</b>	% of total DI	Number of works
WTWs in size band 1	–	–
WTWs in size band 2	0.6	3
WTWs in size band 3	4.2	4
WTWs in size band 4	4.1	2
WTWs in size band 5	14.7	3
WTWs in size band 6	15.7	2
WTWs in size band 7	29.8	1
WTWs in size band 8	33.0	1

<b>Water treatment – other information</b>	Units	Input
Peak week production capacity	MI/d	505.00
Peak week production capacity having enhancement expenditure for grey solution improvements to address raw water quality deterioration	MI/d	–
Peak week production capacity having enhancement expenditure for green solutions improvements to address raw water quality deterioration	MI/d	–
Total water treated at more than one type of works	MI/d	0.04
Number of treatment works requiring remedial action because of raw water deterioration	nr	8
Zonal population receiving water treated with orthophosphate	000's	1,257,666
Average pumping head – water treatment	m.hd	11.38
Energy consumption – water treatment	mWh	24,994.783
Total number of water treatment imports	nr	–
Water imported from third parties' water treatment works	MI/d	–
Total number of water treatment exports	nr	–
Water exported to third parties' water treatment works	MI/d	–

In 2023/24, Bristol Water operated 10 ground water Treatment Works, one of which is a simple disinfection works and the remaining nine all treat water at a Level 4 complexity. Of our six surface water Treatment Works operational in 2023/24, one treats water at Level 4 complexity and the remaining five treat water at Level 5 complexity. This has changed marginally from 2022/23 due to the inclusion of Ultraviolet in Clevedon TW changing its categorisation from a GSD to a GW4.

During year 2023/24 Bristol Water had two treatment works (Sherborne TW & Charterhouse TW) whereby, for operational reasons, no water was treated and transferred into potable water distribution. These sites are still officially operational sites and as such are included in the count, with a 0.0MI value for water treated (Lines 6A.13-19 (Volume of water treated)).

**TABLE 6B – Treated water distribution – assets and operations  
for the 12 months ended 31 March 2024**

	Units	Input
<b>Assets and operations</b>		
Total installed power capacity of potable water pumping stations	kW	24,311
Total volumetric capacity of service reservoirs	MI	509.3
Total volumetric capacity of water towers	MI	3.0
Water delivered (non-potable)	MI/d	0.31
Water delivered (potable)	MI/d	245.50
Water delivered (billed measured residential properties)	MI/d	103.55
Water delivered (billed measured businesses)	MI/d	56.32
Proportion of distribution input derived from impounding reservoirs	Propn 0 to 1	0.258
Proportion of distribution input derived from pumped storage reservoirs	Propn 0 to 1	0.557
Proportion of distribution input derived from river abstractions	Propn 0 to 1	0.041
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Propn 0 to 1	0.144
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	Propn 0 to 1	–
Proportion of distribution input derived from saline abstractions	Propn 0 to 1	–
Proportion of distribution input derived from water reuse schemes	Propn 0 to 1	–
Total number of potable water pumping stations that pump into and within the treated water distribution system	nr	110
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	nr	9
Number of potable water pumping stations delivering surface water into the treated water distribution system	nr	6
Number of potable water pumping stations that re-pump water already within the treated water distribution system	nr	95
Number of potable water pumping stations that pump water imported from a 3rd party supply into the treated water distribution system	nr	–
Total number of service reservoirs	nr	107
Number of water towers	nr	4
Energy consumption – treated water distribution (MWh)	MWh	53,981.267
Average pumping head – treated water distribution	m.hd	93.55
Total number of treated water distribution imports	nr	4
Water imported from 3rd parties to treated water distribution systems	MI/d	0.44
Total number of treated water distribution exports	nr	22.00
Water exported to 3rd parties from treated water distribution systems	MI/d	6.04
Peak 7 day rolling average distribution input	MI/d	326.32
Peak 7 day rolling average distribution input / annual average distribution input	%	118.12%
<b>Water balance – company level</b>		
Measured household consumption (excluding supply pipe leakage)	MI/d	96.05
Unmeasured household consumption (excluding supply pipe leakage)	MI/d	79.77
Measured non-household consumption (excluding supply pipe leakage)	MI/d	55.69
Unmeasured non-household consumption (excluding supply pipe leakage)	MI/d	0.37
Total annual leakage	MI/d	38.27
Distribution system operational use	MI/d	3.55
Water taken unbilled	MI/d	0.56
Distribution input	MI/d	274.26
Distribution input (pre-MLE)	MI/d	276.26
<b>Components of total leakage– company level</b>		
Leakage upstream of DMA	MI/d	3.91
Distribution main losses	MI/d	21.30
Customer supply pipe losses – measured households excluding void properties	MI/d	7.50
Customer supply pipe losses – unmeasured households excluding void properties	MI/d	4.56
Customer supply pipe losses – measured non-households excluding void properties	MI/d	0.64
Customer supply pipe losses – unmeasured non-households excluding void properties	MI/d	0.03
Customer supply pipe losses – void measured households	MI/d	0.17
Customer supply pipe losses – void unmeasured households	MI/d	0.10
Customer supply pipe losses – void measured non-households	MI/d	0.05
Customer supply pipe losses – void unmeasured non-households	MI/d	0.01

## I Additional regulatory information – water network plus – BRL continued

**TABLE 6C – Water network+ – Mains, communication pipes and other data for the 12 months ended 31 March 2024**

	Units	Input
<b>Treated water distribution – mains analysis</b>		
Total length of potable mains as at 31 March	km	6,973.2
Total length of potable mains relined	km	–
Total length of potable mains renewed	km	7.8
Total length of new potable mains	km	19.3
Total length of potable water mains (< ≤320mm)	km	6,418.4
Total length of potable water mains >320mm and ≤450mm	km	257.7
Total length of potable water mains >450mm and ≤610mm	km	181.6
Total length of potable water mains > 610mm	km	115.5
<b>Treated water distribution – mains age profile</b>		
Total length of potable mains laid or structurally refurbished pre-1880	km	115.9
Total length of potable mains laid or structurally refurbished between 1881 and 1900	km	839.3
Total length of potable mains laid or structurally refurbished between 1901 and 1920	km	464.7
Total length of potable mains laid or structurally refurbished between 1921 and 1940	km	899.7
Total length of potable mains laid or structurally refurbished between 1941 and 1960	km	883.1
Total length of potable mains laid or structurally refurbished between 1961 and 1980	km	1,265.0
Total length of potable mains laid or structurally refurbished between 1981 and 2000	km	1,235.7
Total length of potable mains laid or structurally refurbished between 2001 and 2020	km	1,152.7
Total length of potable mains laid or structurally refurbished post 2021	km	117.1
<b>Communication pipes</b>		
Number of lead communication pipes	nr	126,940
Number of galvanised iron communication pipes	nr	7,291
Number of other communication pipes	nr	368,467
Number of lead communication pipes replaced or relined for water quality	nr	636
<b>Other</b>		
Company area	km <sup>2</sup>	2,362
Compliance Risk Index	nr	7.05
Event Risk Index	nr	1,606
Properties below reference level at end of year	nr	6

**TABLE 6D – Demand management – Metering and leakage activities  
for the 12 months ended 31 March 2024**

	Units	Basic meter	AMR Meter	AMI meter
<b>Metering activities – Totex expenditure</b>				
New optant meter installation for existing customers	£m	1,452	0,410	–
New selective meter installation for existing customers	£m	2,228	0,539	–
New business meter installation for existing customers	£m	–	–	–
Residential meters renewed	£m	0,522	0,074	–
Business meters renewed	£m	0,102	0,011	–
<b>Metering activities – Explanatory variables</b>				
New optant meters installed for existing customers	000s	3,695	0,973	–
New selective meters installed for existing customers	000s	5,671	1,281	–
New business meters installed for existing customers	000s	0,028	0,014	–
Residential meters renewed	000s	3,701	0,446	–
Business meters renewed	000s	0,721	0,069	–
Replacement of basic meters with smart meters for household customers	000s		0,152	–
Replacement of AMR meter with AMI meters for household customers	000s			–
Replacement of basic meters with smart meters for business customers	000s		0,023	–
Replacement of AMR meter with AMI meters for business customers	000s			–
New residential meters installed for existing customers – supply–demand balance benefit	MI/d	1,63	0,39	–
New business meters installed for existing customers – supply–demand balance benefit	MI/d	–	–	–
Replacement of basic meter with smart meters for household customers – supply–demand balance benefit	MI/d		–	–
Replacement of AMR meter with AMI meter for household customers – supply–demand balance benefit	MI/d			–
Replacement of basic meter with smart meters for business customers – supply–demand balance benefit	MI/d		–	–
Replacement of AMR meter with AMI meter for business customers – supply–demand balance benefit	MI/d			–
Residential properties – meter penetration	%	60,9	6,5	–
<b>Leakage activities – Totex expenditure</b>				
	Units	Maintaining leakage	Reducing leakage	<b>Total</b>
Total leakage activity	£m	9,064	7,637	<b>16,701</b>
Leakage improvements delivering benefits in 2020–25	MI/d			<b>1,22</b>
<b>Per capita consumption (excluding supply pipe leakage)</b>				
Per capita consumption (measured)	l/h/d	133,40		
Per capita consumption (unmeasured)	l/h/d	161,23		

During our work to develop our Water Resource Management Plan 2019, we carried out an assessment of likely population growth in the area we supply. This indicates that the population we serve will grow by 7% by 2025. To meet potential increase in demand, we need to improve water efficiency and help customers reduce their water consumption. Evidence available indicates, that customers on a water meter, have a lower per capita consumption. Our research shows that customers consider that payment through a metered supply is the fairest way to charge for water, as it puts the water bill within the control of the customer.

The preferred approach Bristol Water take when installing a meter is to where possible install a basic water meter on a company owned asset i.e., outside the boundary of the customer's property with a basic meter that requires a visual reading by the meter reader. This allows Bristol water easier access to maintain the asset.

If an external approach is unachievable, then an attempt will be made where possible to install a meter inside the customer property within one metre of the internal stop tap.

When installing inside a customer property a RF (radio frequency) meter will be installed, known as AMR technology (Automated Meter Reading). This allows the meter reader to capture the consumption of water usage at the property, recorded on the meter from outside of the property eliminating the need to enter the customer property

When installing a meter outside the property there are three forms of installation technique used:

- Install a meter into an existing asset/stop tap located outside the customer property.
- Install/replace a customer stop tap to enable the meter to be installed.
- Install a Melco adapter to an existing crutch head tap to enable the meter installation.

Metering is generally regarded as being the fairest and most accurate way to pay for water. However, our customers have consistently told us through consultations and surveys that they do not wish to see full compulsory metering for all our domestic customers. Therefore, we are reliant upon customer demand, meter installations upon change of ownership and effective, persuasive marketing.

## Additional regulatory information – innovation competition – BRL

### TABLE 6D – Demand management – Metering and leakage activities commentary continued

The campaign “Cheaper with a Meter” first launched in June 2022 has continued through the reporting year. The campaign focuses on improving customer confidence to sign up for a water meter, with a strong call to action by supporting the financial saving that could be achieved through having a water meter and putting our customers in control of their bill. Campaign research found 9 out of 10 customers achieved a saving, with the average annual saving being in the region of £94, by switching to a water meter demonstrating it can be “Cheaper with a Meter”.

Additionally, our customers have the assurance that if they sign up for a meter through our free meter option scheme, and they do pay more than their rateable value after 2 years, we will refund the difference.

The “Cheaper with a Meter” campaign continues to educate and engage with our customers looking to save money on their bills and reduce the amount of water they use. We have been able to share real customer endorsements of their experience of having a meter and providing those customers with information on how they can maximise the opportunity to reduce their water impact. By supporting customers on our metering journey with water saving devices, tips and information on support measures such as our priority services register, we are confident customers will be able to make an informed decision to remain metered beyond the initial 2 year period.

### TABLE 6F – WRMP annual reporting on delivery – non-leakage activities

Not included in the APR due to its size, but it is included within the APR tables on our website.

#### Supporting Commentary

Our 2019 Water Resources Management Plan showed a supply-demand surplus for the Bristol area, meaning that no schemes were necessary to ensure continued delivery of planned levels of service. In addition to the need to ensure drought resilience, we are also required to try to drive reductions in household consumption through per capita consumption targets, and it's through this driver that a water efficiency programme has been implemented.

We use the Save Water Save Money platform to distribute water efficiency advice and water efficiency devices, such as shower regulators, and tap inserts, to customers. The costs and benefits of this activity are reported within this table, and because we haven't changed our approach they remain broadly in line with the position in previous years.



## I Additional regulatory information – water network plus – BRL continued

TABLE 9A – Innovation competition

		Current year £m
<b>Allowed</b>		
Allocated innovation competition fund price control revenue	£m	<b>0.453</b>
<b>Revenue collected for the purposes of the innovation competition</b>		
Innovation fund income from customers	£m	<b>0.453</b>
Income from customers to fund innovation projects the company is leading on	£m	–
Income from customers as part of the inflation top-up mechanism	£m	–
Income from other water companies to fund innovation projects the company is leading on	£m	–
Income from customers that is transferred to other companies as part of the innovation fund	£m	<b>0.457</b>
Non-price control revenue (e.g. royalties)	£m	–
<b>Administration</b>		
Administration charge for innovation partner	£m	<b>0.026</b>

	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)
	£m	£m	£m	£m
Units	3	3	3	3
DPs	0.622	–	0.272	0.061
Innovation project 1 – Flexible local water supply schemes pilot	0.622	–	0.272	0.061
<b>Total</b>	<b>0.622</b>	<b>–</b>	<b>0.272</b>	<b>0.061</b>

Our allocated revenue for the 2023/24 year is £0.453m. Where revenue figures are inflated from the 17/18 price base quoted in PR19 Business Plans, this has been done so using November 2023 CPIH value.

We are leading on one innovation competition project – Flexible Local Supply Schemes. The total amount of funding awarded (excluding the 10% contribution) is £0.622m. £0.006m funded by our customers in 2022/23 when the project was awarded. The remainder of £0.616m received from other customers was reported last year as the transfer took place in May 2022.

Our forecast for the year as per the latest monitoring report is £0.272m. Our actual expenditure was less than this at £0.061m. Our progress against plan has been delayed by the application process for the retailer to be able to supply wholesale water. Identifying such barriers is part of the discovery the project is designed to identify. Actual expenditure in the year related to visualisation of available abstraction licences and the work undertaken by our project partners. We ran an industry workshop in April 2023 with our indicative findings. The project has been extended to at least March 2025 due to the regulatory barriers and a final conclusion will be published later in 2023, once we have piloted the competitive access application process and explored the practical access pricing issues, testing the Frontier Economics report produced in March 2022.

This is a discrete project with a specific team and the innovation funding does not support any expenditure that would otherwise be incurred by South West Water, as there is specifically no financial contribution from staff time or overheads.

The cumulative administration charge for innovation partners is £0.062m.

At the end of the financial year the net cash balance related to the innovation fund amounts to £0.772m, reflecting £1.657m received from customers over 2020–2024, less £0.062m contribution to the innovation fund administration costs, £0.622m received from other companies for the project we are leading on, £1.034m transferred to the innovation fund winning projects and £0.411m lead project expenditure.



<b>Difference between actual and forecast expenditure</b>	Forecast project lifecycle expenditure on innovation fund projects (excl 10% partnership contribution)	Cumulative actual expenditure on innovation fund projects (excl 10% partnership contribution)	<b>Difference between actual and forecast expenditure</b>	Allowed future expenditure on innovation fund projects	In year expenditure on innovation projects funded by shareholders	Cumulative expenditure on innovation projects funded by shareholders
£m	£m	£m	£m	£m	£m	£m
3	3	3	3	3	3	3
<b>(0.211)</b>	0.622	0.411	<b>(0.211)</b>	0.211	-	-
<b>(0.211)</b>	<b>0.622</b>	<b>0.411</b>	<b>(0.211)</b>	<b>0.211</b>	<b>-</b>	<b>-</b>

# Additional regulatory information – Accelerated Delivery – BRL

**TABLE 10F – Accelerated infrastructure delivery projects data capture additional items for the 12 months ended 31 March 2024**

**Section 1: Water resources and water network+**

**From Table 6C**

Other	Unit	Input
Total length of new potable mains	km	-
Number of lead communication pipes replaced for water quality	nr	-

**From Table 6D**

	Units	Basic meter	AMR meter	AMI meter
<b>Metering activities – Totex expenditure</b>				
New selective meter installation for existing customers	£m	-	-	-
New business meter installation for existing customers	£m	-	-	-
Residential meters renewed	£m	-	-	-
Business meters renewed	£m	-	-	-
<b>Metering activities – Explanatory variables</b>				
New selective meters installed for existing customers	000s	-	-	-
New business meters installed for existing customers	000s	-	-	-
Residential meters renewed	000s	-	-	-
Business meters renewed	000s	-	-	-
Replacement of basic meters with smart meters for residential customers	000s	-	-	-
Replacement of AMR meter with AMI meters for residential customers	000s	-	-	-
Replacement of basic meters with smart meters for business customers	000s	-	-	-
Replacement of AMR meter with AMI meters for business customers	000s	-	-	-
New residential meters installed for existing customers – supply-demand balance benefit	MI/d	-	-	-
New business meters installed for existing customers – supply-demand balance benefit	MI/d	-	-	-
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	MI/d	-	-	-
Replacement of AMR meter with AMI meter for residential customers – supply-demand balance benefit	MI/d	-	-	-
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	MI/d	-	-	-
Replacement of AMR meter with AMI meter for business customers – supply-demand balance benefit	MI/d	-	-	-
<b>Metering activities – Impact on PCC and leakage performance</b>				
Per capita consumption reduction	l/h/d	-	-	-
Leakage reduction	MI/d	-	-	-
<b>Leakage activities</b>				
Leakage improvements delivering benefits in 2020-25	MI/d	-	-	-

**TABLE 10F – Accelerated infrastructure delivery projects data capture additional items continued**

**Section 2: Wastewater network+ and bioresources**

**From Table 7B**

<b>Sewage treatment works – Explanatory variables</b>	Units	Basic meter
Works name	text	–
Classification of treatment works	text	–
Population equivalent of total load received	000s	–
Phosphorus consent	mg/l	–
Load received by STW	kgBOD5/d	–
Flow passed to full treatment	m <sup>3</sup> /d	–

**From Table 7D**

<b>Population equivalent</b>	Units	Basic meter
Current population equivalent served by STWs	000s	–
Current population equivalent served by STWs with tightened/new P consents	000s	–
Current population equivalent served by STWs with tightened/new N consents	000s	–

**From table 7E**

	Units	Basic meter
Additional storm tank capacity provided at STWs (grey infrastructure)	m <sup>3</sup>	–
Additional effective storm storage capacity at sewage treatment work (delivered through green infrastructure)	m <sup>3</sup>	–
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m <sup>3</sup>	–
Additional effective storage in the network delivered through green infrastructure	m <sup>3</sup>	–

**TABLE 10H – Accelerated schemes data capture reconciliation model input**

**Bristol Water**

<b>Scheme 13 &amp; 15</b>	Total allowance
Supply pipe leakage & Lead supply pipes	£m 2.7

Name	Unit	Component level at completion	2023-24	
			Component level to date	Percentage complete
Component 1 Leaking supply pipes replaced (non-lead)	Nr	500	–	–
Component 2 Customer external lead supply pipes replaced	Nr	250	–	–
Component 3 Customer internal lead supply pipes replaced	Nr	125	–	–
Component 4 Leakage reduction	MI/d (annual)	0.25	–	–

Customer Side Leakage: this project will no longer continue due to the escalating cost/benefit to our customers.

Lead replacement: The programme for this project is a year five programme, with all expenditure planned for 2024/25. This will allow us to take lessons learnt and roll it into year one of the regulatory period 2025-30, if it provides the gains that are expected.

# Additional regulatory information – Greenhouse Gas Emissions – BRL

**TABLE 11A – Pro forma – Greenhouse gas emissions reporting for the 12 months ended 31 March 2024**

Unit	Operational emissions		Total tCO <sub>2</sub> e
	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	
DPs	3	3	<b>3</b>
<b>Scope one emissions</b>			
Burning of fossil fuels (location-based)	4,446.175	–	<b>4,446.175</b>
Burning of fossil fuels (market-based)	4,446.175	–	<b>4,446.175</b>
Process and fugitive emissions	–	–	–
Vehicle transport	1,102.210	–	<b>1,102.210</b>
Emissions from land	–	–	–
<b>Total scope one emissions (location-based)</b>	<b>5,548.385</b>	–	<b>5,548.385</b>
<b>Total scope one emissions (market-based)</b>	<b>5,548.385</b>	–	<b>5,548.385</b>
Scope one emissions; GHG type CO <sub>2</sub>	5,523.383	–	<b>5,523.383</b>
Scope one emissions; GHG type CH <sub>4</sub>	6.983	–	<b>6.983</b>
Scope one emissions; GHG type N <sub>2</sub> O	18.019	–	<b>18.019</b>
Scope one emissions: GHG other types	–	–	–
<b>Scope two emissions</b>			
Purchased electricity (location-based)	13,645.510	–	<b>13,645.510</b>
Purchased electricity (market-based)	25,238.432	–	<b>25,238.432</b>
Purchased heat	–	–	–
Electric vehicles	–	–	–
Removal of electricity to charge electric vehicles at site	–	–	–
<b>Total scope two emissions (location-based)</b>	<b>13,645.510</b>	–	<b>13,645.510</b>
<b>Total scope two emissions (market-based)</b>	<b>25,238.432</b>	–	<b>25,238.432</b>
Scope two emissions; GHG type CO <sub>2</sub>	13,506.185	–	<b>13,506.185</b>
Scope two emissions; GHG type CH <sub>4</sub>	59.043	–	<b>59.043</b>
Scope two emissions; GHG type N <sub>2</sub> O	80.281	–	<b>80.281</b>
Scope two emissions: GHG other types	–	–	–
<b>Scope three emissions</b>			
Business travel	21.745	–	<b>21.745</b>
Outsourced activities	625.171	–	<b>625.171</b>
Purchased electricity; extraction, production, transmission and distribution (location-based)	4,466.814	–	<b>4,466.814</b>
Purchased electricity; extraction, production, transmission and distribution (market-based)	4,466.814	–	<b>4,466.814</b>
Purchased heat; extraction, production, transmission and distribution	–	–	–
Purchased fuel; extraction, production, transmission and distribution	1,014.693	–	<b>1,014.693</b>
Use of chemicals	5,215.987	–	<b>5,215.987</b>
Disposal and treatment of waste	–	–	–
<b>Total scope three emissions (location-based)</b>	<b>11,344.410</b>	–	<b>11,344.410</b>
<b>Total scope three emissions (market-based)</b>	<b>11,344.410</b>	–	<b>11,344.410</b>
Scope three emissions; GHG type CO <sub>2</sub>	–	–	–
Scope three emissions; GHG type CH <sub>4</sub>	–	–	–
Scope three emissions; GHG type N <sub>2</sub> O	–	–	–
Scope three emissions: GHG other types	–	–	–

**TABLE 11A – Pro forma – Greenhouse gas emissions reporting continued for the 12 months ended 31 March 2024**

Unit	Operational emissions		
	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
DPs	3	3	<b>3</b>
<b>Gross operational emissions (Scopes 1, 2 and 3)</b>			
<b>Gross operational emissions (location-based)</b>	<b>30,538.305</b>	-	<b>30,538.305</b>
<b>Gross operational emissions (market-based)</b>	<b>42,131.227</b>	-	<b>42,131.227</b>
<b>Emissions reductions</b>			
Exported renewables	-	-	-
Exported biomethane	-	-	-
Insets	-	-	-
Other emissions reductions	-	-	-
<b>Total emissions reductions</b>	-	-	-
<b>Net annual emissions</b>			
<b>Net annual emissions (location-based)</b>	<b>30,538.305</b>	-	<b>30,538.305</b>
<b>Net annual emissions (market-based)</b>	<b>42,131.227</b>	-	<b>42,131.227</b>

Unit	Water kgCO <sub>2</sub> e/MI	Wastewater kgCO <sub>2</sub> e/MI
DPs	3	3
<b>GHG intensity ratios</b>		
Emissions per MI of treated water	302.030	-
Emissions per MI of sewage treated	-	-

Unit	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
DPs	3	3	<b>3</b>
<b>Other</b>			
Green tariff electricity	-	-	-

Unit	Embedded emissions		
	Water tCO <sub>2</sub> e	Wastewater tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
DPs	3	3	<b>3</b>
<b>Capital projects</b>			
Total capital projects (cradle-to-gate)	<b>7,699.088</b>	-	<b>7,699.088</b>
Total capital projects (cradle-to-build)	<b>3,637.606</b>	-	<b>3,637.606</b>
<b>Purchased goods and services</b>			
Purchased goods and services (please specify)	<b>13,821.154</b>	-	<b>13,821.154</b>

## I Additional regulatory information – GHG – BRL continued

### Commentary of 2023/24 Emissions (Bristol Water)

#### Water UK Net Zero Commitment by 2030

Bristol Water’s net market-based emissions under the Net Zero Commitment boundary reduced by almost 16% in 2023/24 compared to 2022/23, falling from a total emissions value of 38,756 tCO<sub>2</sub>e recorded in 2022/23 to just 32,614 tCO<sub>2</sub>e in 2023/24. This sharp reduction in emissions was partially due to a downturn in energy usage as we were able to meet demand during 2023/24 using less energy-intensive water resources following a return to ‘more typical’ weather after a year of exceptionally dry conditions during 2022/23.

#### Scope 1 Emissions

Under the emissions boundary of our Net Zero Commitment our direct (Scope 1) emissions from our usage of natural gas increased by 4.5% as we sought to offset some of our purchased import of grid electricity by making more use of our onsite electricity generation fuelled by natural gas, this also resulted in. Scope 1 emissions from our vehicle fleet also increased by 4.3%, reflecting a trend for increasing vehicle mileage required to carry out our activities.

#### Market-Based Scope 2 Emissions

Our Bristol Water business is currently contracted for a standard electricity supply product which is not specifically for the delivery of 100% renewable electricity, we therefore use the supplier’s standard product ‘Fuel Mix Disclosure’ emissions factor published by our electricity supplier to account for market-based emissions for our purchased electricity supply. To make significant progress towards our Bristol Water Net Zero Commitment we intend to re-contract for a 100% renewable electricity supply at the appropriate point in the future.

#### Scope 3 Emissions

Our indirect (Scope 3) emissions within the Net Zero Commitment boundary decreased during 2022/23 compared to 2022/23, our reduced usage of grid imported electricity led to fewer electricity transmission and distribution emissions, whilst emissions from our outsourced activities fell significantly by 26% due to reduced activity. Only our business travel saw an increase, a very marginal 5 tCO<sub>2</sub>e.

#### Ofwat Reporting, market-based and Location-Based reporting

Against the Ofwat APR operational carbon emissions reporting boundary our 2023/24 annual net location-based emissions have increased marginally by just 3.7% compared to emissions in 2022/23, whilst under the market-based measure, where our renewable electricity purchase counts towards a Scope 2 emissions reduction, our net emissions reduced by 9.2% in 2023/24 compared to 2022/23.

The extended emissions boundary for the Ofwat APR reporting, relative to the Net Zero Commitment, not only includes a location-based measure of scope 2 emissions but also accounts for additional scope 3 emissions resulting from chemicals purchased and the well to tank emissions from the extraction and production of fuels and electricity (note that in alignment with Ofwat guidance no wastes generated from drinking water are included in our emissions accounting).

Against these additional scope 3 emissions measures we have seen a large increase in emissions from chemical purchases, a 109% increase from 2022/23, or an additional 2,716 tCO<sub>2</sub>e, following an improved data capture process. Overall our overall scope 3 emissions recorded a increase of 15.6% from 2023/24 compared to 2022/23.

#### Embedded Emissions

We currently use a ‘spend analysis’ approach to estimate our embedded (or embodied) emissions resulting from our construction activities as part of our Capital Programme, as well as from our purchase of goods and services.

We split the reporting of emissions from our construction activities, what we refer to as ‘Capital carbon’, into emissions from ‘cradle to gate’ (emissions from the manufacture of the materials and products used and their transport to site) and ‘cradle to build’ (cradle to gate plus those emissions from construction of assets and the offsite disposal of waste).

We are currently trialling the use a whole life carbon emissions estimation tool which we intend to gradually replace the ‘spend analysis’ we currently use to estimate our embedded carbon. Whilst we undertake this transition to using primary activity data in preference to use secondary ‘spend analysis’ data we expect to continue to rely to some extent on spend analysis data until the transition is fully complete. We therefore expect to improve the accuracy of our reporting of embedded carbon over time as well as providing the opportunity to properly account for the lower carbon options that we intend to promote over the traditional methods of developing and constructing solutions to meet our needs.

In 2023/24 we recorded cradle to gate emissions from our water related capital projects of 7,699 tCO<sub>2</sub>e, a 68% increase on the previous year’s cradle to gate emissions, whilst under the cradle to build measure we recorded emissions of 3,638 tCO<sub>2</sub>e, representing a reduction of 42% from our previous year’s cradle to build emissions.

We also recorded the embedded emissions from our purchased goods and services which for 2023/24 were 13,821 tCO<sub>2</sub>e for our water related activities, representing a reduction of 11% in the emissions value we report for purchased goods and services in 2022/23.

#### Estimate of embedded emissions (tCO<sub>2</sub>e)

	Water
Capital projects (cradle to gate)	7,699
Capital projects (cradle to build)	3,638
Purchased goods and services	13,821

### Embedded Emissions Reporting Framework – Reporting Rating Status – Red/Amber/Green

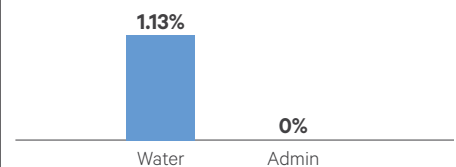
Category Rating	Embedded Emissions Core Criteria
Amber	<p>Embedded emissions values are provided that relate to both cradle to gate and cradle to build.</p> <p>The SWOT analysis below details some of the strengths, weaknesses, opportunities and threats of our approach.</p> <p>We are engaging with recognised standards, such as PAS 2080 for additional guidance in managing and reporting embedded emissions.</p> <p>Our embedded emissions have received verification from Jacobs, our external auditors.</p>

#### Renewable Energy

We generate a proportion of our electricity usage from our onsite renewable energy installations. The following charts show how our continued investment in our own embedded renewable energy generation from our solar PV installations embedded on our sites.

During 2023/24 we generated 1,033 MWh from our solar PV installations.

#### Self-generated and private-wired renewable energy generation as a percentage of total energy consumed



**No private wires or REGO purchase**  
**Total renewable energy sourced (including REGO-backed electricity)**  
**Water – No REGO purchase so same as above**  
**Admin – No REGO purchase so same as above**

## Strengths, weaknesses, opportunities and threats

### Combined narrative for both Operational and Embedded (Embodied)

#### Strengths

For 2023/24 operational GHG emissions accounting we have used the latest version of the UK water industry's Carbon Accounting Workbook, now in its eighteenth edition this version is commonly known as CAWv18.

The annual outputs of CAWv18 provides the means for us to accurately measure how successful our carbon reduction strategies and activities have been in mitigating our emissions.

Our emissions continue to reduce in line with our expectations, reflecting the strategies and activities we have introduced towards managing our emissions.

We have improved our data processing frequency, processing all energy, transport and bioresources data and estimating emissions on a monthly basis before carrying out our full annual carbon accounting at year-end. This has allowed us to identify trends in performance data much earlier than simply waiting until our year-end accounting.

Our energy data is all metered data, linked to our energy suppliers' billing data, and therefore affords high level of confidence in the resulting measure of energy-related Scope 1 and 2 emissions.

For our embedded carbon reporting we have improved the granularity of our supplier costs and category data relating to capital projects and purchased goods and services and Capital projects therefore the accuracy of the associated emissions calculated has improved.

For our embedded carbon reporting we have also received more data granularity relating to the Capital schemes under construction and have been able to identify emission intensities against those schemes based on our spend analysis.

#### Weaknesses

We recognise that not all our internal systems have been set up to output data in a suitable format for carbon accounting and consequently datasets often require a significant amount of time consuming manual post-processing. We are looking to improve our internal data collection and data processing systems.

For our estimates of embedded carbon we currently use a 'spend analysis' approach which is not as accurate as using direct 'activity-based' emissions accounting using data from our supply chain and supported with Environmental Product Declarations. We are working towards introducing 'activity-based' emissions accounting and aim to gradually transition using a hybrid approach until we have fully implemented our 'activity-based' emissions accounting in collaboration with our contractors.

We note that further clarification around the Ofwat definitions of emissions from 'Capital Projects' 'Cradle to Gate' and 'Cradle to Build' would be helpful in terms of whether these refer to all Greenhouse Gas Protocol defined Scope 3 Category 2 'Capital Goods' or relate to engineering infrastructure capital projects only.

#### Opportunities

We note that the CAW could be improved in the way it accounts for Scope 3 'well-to-tank' emissions from fuels, becoming more aligned with the Greenhouse Gas Protocol recommendations. Whilst this only has a small impact on reported emissions we believe that a review of how the industry should properly account for 'well-to-tank' emissions from fuels would be of benefit.

For our embedded carbon reporting we intend to integrate and align our approach for Bristol Water embedded carbon spend-analysis and activity-based data collection and data processing with our existing Pennon Group and South West Water approach, since Bristol Water systems are still in the process of becoming fully assimilated into the Pennon Group's existing systems.

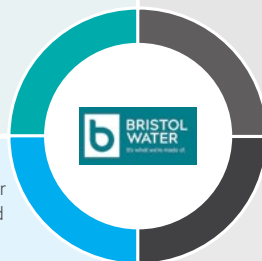
#### Threats

In terms of continuing our emissions reductions on a trajectory to meet net zero we recognise there are significant challenges in meeting competing regulatory and customer demands that are impacting on our current programme of net zero related activities.

We intend to continue to invest in our net zero strategy towards achieving our emissions reduction goals whilst being cognisant that this needs to be balanced with our other business priorities.

We intend to work with the rest of the UK water industry in continuously improving our carbon accounting process, embracing the ever-evolving protocols and accounting practices whilst global business strives to decarbonise. This means our emissions accounting needs to keep pace with the relevant changes to accounting practices, even if that means some sources of emissions may increase due to methodological changes.

For our embedded carbon relating to the reporting of Purchased Goods and Services and Capital carbon is reliant on robust data from our internal finance systems. This 'spend data' needs to be aligned with accurate categorisation of spend against relevant products, services and activities. In carrying out a deeper dive into our categorisation of spend we have found that it could be improved to more accurately map to relevant emissions factors. We have taken an action to improve our spend categorisation for 2024/25 in collaboration with our internal Procurement management team.



# Cost allocation and transfer pricing

## Transactions with associated companies and the non-appointed business

Under RAG 5.07, water and sewerage appointees have a duty to trade at arm's length and to ensure that there is no cross subsidy with respect to transactions between the appointed business and associated companies.

Following the introduction of binding revenue price controls, appointees are also required to ensure there is no cross-subsidy between price control units.

RAG 3.14 requires disclosures of all transactions (individually and not on an aggregated basis) to be made where any single transaction exceeds 0.5% of the turnover of South West Water's appointed business.

### South West Water's associated companies (SWB & BRL)

South West Water is a subsidiary of Pennon Group plc (which is South West Water's immediate and ultimate parent company), a FTSE 250 company. A summary Group structure showing principal trading subsidiaries is shown on page 17. South West Water's subsidiaries are listed in full in [South West Water's Annual Report and Financial Statements \(note 19, page 242\)](#).

#### Pennon Group Plc

**Pennon Group Plc** – South West Water's immediate and ultimate parent company, a FTSE 250 company.

#### Subsidiaries

**South West Water Customer Services Limited** – manages South West Water's billing, collections and customer contact activities.

**South West Water Finance Plc** – acts as a financing company, raising borrowings for South West Water.

**Peninsula Properties (Exeter) Limited** – previously advised South West Water on property development opportunities. The Company has now ceased trading.

**Bristol Water Plc** – previous trading company of Bristol Water.

### Associated companies who are subsidiaries of the ultimate parent company Pennon Group Plc

**Pennon Water Services Limited ("PWS")**

**Peninsula Insurance Limited**

**Sutton and East Surrey Water Services Limited ("SES")**

#### Other associated companies

**Bristol Wessex Billing Services Limited ("BWBSL")** – a joint venture undertaking between Bristol Water Holdings Limited and Wessex Water Services Limited, and provides meter reading, billing, debt recovery and customer contact management services to this company and Wessex Water Services Limited, under a cost sharing arrangement.

**Water 2 Business Limited ("W2B")** – an associate of Bristol Water Holdings Limited, and provides meter reading, billing, debt recovery and customer contact management services to non-household customers.

**Group shared services** – A limited number of functions have historically been provided across the Pennon Group as shared services (such as Independent Group Internal Audit, Treasury and Tax Services).

## Transactions to or from the appointee

#### Bristol Water plc

During the year, as part of transactions required as part of the statutory transfer of materially all of the trade and assets of Bristol Water plc, the South West Water received a dividend in specie of £143.0m in order to settle a loan note owed by Bristol Water plc. South West Water also recognised an impairment of its investment in Bristol Water plc of £143.0m resulting in a net nil impact to the income statement.

#### Peninsula Properties (Exeter) Limited

South West Water recognised dividend income of £5.3m in the year following the cessation of activity of Peninsula Properties (Exeter) Limited ("PPEL"), resulting in PPEL distributing its retained earnings to its shareholder.

As part of the transaction a £1.3m creditor owed to PPEL was settled and £4.0m of cash was received by South West Water.

Additionally, South West Water recognised an impairment in its investment in PPEL of £3.3m, taking the value of the investment held on the balance sheet to nil.

## The non-household retail market

Non-household consumers pay retailers for their supply and they in turn pay wholesalers based upon the retail charging schedules. Pennon Water Services and W2B are non-household water and wastewater retailers. South West Water is paid by Pennon Water Services and W2B for some of its non-household wholesale services.

During the year, Pennon Group plc, South West Water's immediate and ultimate parent company, acquired Sutton and East Surrey Water Services Ltd, a non-household retailer making up part of the SES Group of companies acquired by Pennon Group in the year. South West Water is paid by Sutton and East Surrey Water Services Ltd for its wholesale supply of services based upon the retail charging schedules.

South West Water also provides meter reading services to Pennon Water Services on commercial terms consistent with those offered to other companies.

South West Water has also contracted with Pennon Water Services to manage a small number of non-regulated activities on its behalf.



## Transactions with associated companies and the non-appointed business continued

### South West Water Customer Services Limited

#### Services provided by South West Water and recharged to South West Water Customer Services

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Group / Management recharges	Information services recharges	16.491	Recharge based upon employee numbers	0.392
	Property	16.491	Recharge of property costs based on floor space	0.348
	Insurance	16.491	Recharge based upon employee numbers	0.240
	Other	16.491	Recharge of cost incurred	0.420

#### Services received by South West Water recharged from South West Water Customer Services

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Retail activities	Call centre, billing and collection services, debt collections and performance improvement	16.491	Recharge of cost incurred	16.491

### Pennon Group plc



#### Services provided by South West Water and recharged to Pennon Group

Service provided	Service detail	Turnover of parent (£m)	Terms of supply	Value of service provided (£m)
Information Services	Information Services recharges	11.225	Recharge based upon employee numbers	0.125
Property	Floor space	11.225	Recharge of property costs based on floor space	0.234
Other- Communications, HR, Payroll, Facilities	Other internal services provided	11.225	Recharge of salary cost incurred	0.157

#### Services received by South West Water and recharged from Pennon Group

Service provided	Service detail	Turnover of parent (£m)	Terms of supply	Value of service provided (£m)
Corporate Overheads	Board and group expenses	11.225	Recharge of cost incurred	3.787
	Investor Relations	11.225	Recharge of cost incurred	0.425
	Legal & Company secretary	11.225	Recharge of cost incurred	2.965
	Group expenses	11.225	Recharge of cost incurred	1.074
Group Finance	Tax, pension & accounting services and internal audit	11.225	Recharge of cost incurred. Internal audit recharged based on timesheets and specific projects	2.208

## I Cost allocation and transfer pricing continued

### Transactions with associated companies and the non-appointed business continued

#### Pennon Water Services Limited



##### Services provided by South West Water and recharged to Pennon Water Services

Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Meter readings	Meter reading for non-household retail customers	233.815	Market testing – Third party evaluation	0.369
Wholesale charges	Supply of water from the wholesale business	233.815	Market testing –Charged at published rates in Non-household Wholesale Charges Scheme and charged via the Market Operator.	90.743
Property	Floor space	233.815	Recharge of property costs based on floor space	0.148

##### Services received by South West Water and charged by Pennon Water Services

Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Guaranteed Service Standards (GSS) reclaim (customer compensation)	Charges for customer compensation	233.815	Charges in line with published GSS levels	0.043

In addition to the above, the South West Water non-appointed business is also recharged certain costs by Pennon Water Services in respect of management and operation of limited parts of South West Water's non-appointed activity.

#### Sutton and East Surrey Water Services

##### Services received by South West Water and recharged to Sutton and East Surrey Water Services



Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Wholesale charges	Supply of water from the wholesale business	35,719 <sup>1</sup>	Market testing –Charged at published rates in Non-household Wholesale Charges Scheme and charged via the Market Operator.	0.549

<sup>1</sup> Turnover of Sutton and East Surrey Water Services since acquisition.

#### Peninsula Insurance Limited

##### Services received by South West Water and charged by Peninsula Insurance

Service provided	Service detail	Turnover of associated company (£m)	Terms of supply	Value of service provided (£m)
Insurance cover	Organisation of insurance cover	1.114	Recharge of insurance premium	1.092

## Borrowings with associated companies

Associated company and type of borrowing	Principal amount (£m)	Repayment date	Interest rate (%)
South West Water Finance Plc: Loan notes 2040	136.198	2040	2.60% fixed
South West Water Finance Plc: Index linked bond 2057	357.567	2057	RPI + 1.99%
South West Water Finance Plc: fixed rate loan note	59.450	2040	2.35% fixed
Bristol Water plc fair value loan	0.037	Perpetual	4.25% fixed
Bristol Water plc fair value loan	1.405	Perpetual	4% fixed
Bristol Water plc fair value loan	0.055	Perpetual	4% fixed
Bristol Water plc fair value loan	0.073	Perpetual	3.5% fixed
Bristol Water plc fair value loan	25.000	Perpetual	6% fixed
Pennon Group plc	100.00	2024	BoE Base +1.00%

## BWBSL

### Services received by South West Water recharged from BWBSL

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Retail activities	Meter reading, billing, debt recovery and customer contact management services	18.514	Competitive tender	3.491
	Recharges for cost	18.514	Cost pass through	0.136
	Capital expenditure	18.514	Cost pass through	0.345

The sum of £0.411m (2022/23 £0.411m) is included within the debtors in respect of amounts advanced to BWBSL, a joint venture company between BWH, a fellow subsidiary of Pennon Group plc, and Wessex Water Services Limited, to fund the purchase of tangible assets. This amount has no fixed repayment date.

## W2B

### Services provided by Bristol Water and recharged to Water 2 Business

Service provided	Service detail	Turnover of subsidiary (£m)	Terms of supply	Value of service provided (£m)
Wholesale charges	Supply of water from the wholesale business	278.3	Market testing –Charged at published rates in Non-household Wholesale Charges Scheme and charged via the Market Operator.	19.048

## I Cost allocation and transfer pricing continued

### Transactions with associated companies and the non-appointed business continued

#### Corporation tax group relief received by the regulated business

Company	Turnover of associate (£m)	Terms of supply	Value (£m)
South West Water Finance Plc	28.975	Cost	0.247
Pennon Group Plc	11.225	Cost	0.437
Bristol Water Plc	nil	Cost	0.275

#### Corporation tax group relief surrendered by the regulated business

Company	Turnover of associate (£m)	Terms of supply	Value (£m)
Peninsula Insurance Limited	1.114	Cost	0.024

# | Glossary

Term	Definition
<b>Annual Performance Report (APR)</b>	Report produced by the Company for regulatory reporting purposes, known previously as the Regulatory Accounts.
<b>Annual Report and Financial Statements</b>	Report produced by the Company for statutory accounting reporting purposes.
<b>Appointed business</b>	The appointed business comprises the regulated activities of the Company which are activities necessary in order for a company to fulfil the function and duties of a water and sewerage undertaker under the Water Industry Act 1991.
<b>Arm's-length trading</b>	Arm's-length trading is where the Company treats the associate companies on the same basis as external third parties.
<b>Associate company</b>	Condition A of the Licence defines an associate company to be any group or related company. Condition F of the Licence requires all transactions between the Company and its associated companies to be disclosed subject to specified materiality considerations.
<b>C-MeX (Customer Measure of Experience)</b>	C-MeX is the industry wide measure of customer satisfaction based upon surveys both of customers who have recently contacted their water company and a random sample of members of the public. Following being reported in a trial 'shadow' format last year, this is the first year this measure has been used and it replaces the Service Incentive Mechanism (SIM).
<b>Consumer Price Index including owner occupied housing costs (CPIH)</b>	Compiled and published monthly by the Office of National Statistics. This is a measure of consumer inflation including a measure of the owner occupied housing costs (costs that are associated with owning, maintaining and living in one's home) and council tax.
<b>D-MeX (Developer Services Measure of Experience)</b>	D-MeX measures the quality of services to developers and other third parties. It has two components. The qualitative component is based on interviews with developer services customers that have transacted with a water company in the previous month. The quantitative component is based on the water company's performance against a key set of Water UK metrics which measure the service provided by water companies to their developer services customers.
<b>Environment, Social and Corporate Governance reporting (ESG)</b>	ESG reporting refers to disclosures relating to the company's performance on aspects of Environmental, Social, and Governance factors, or reported against any of the company's six capitals: Financial, Manufactured, Intellectual, Human, Social, or Natural capital.
<b>Final Determination (FD)</b>	This is the conclusion of discussions on the scale and content of the Asset Management Plan for the forthcoming five-year period. It is accompanied by a determination of the framework allowable charges for the forthcoming five-year period.
<b>Licence</b>	The Instrument of Appointment dated August 1989 under Sections 11 and 14 of the Water Act 1989 (as in effect on 1 August 1989) under which the Secretary of State for the Environment appointed Anglian Water Services Limited as a water and sewerage undertaker under the Act for the areas described in the Instrument of Appointment, as modified or amended from time to time.
<b>MOSL (Market Operating Services Limited)</b>	MOSL is the not-for-profit company which operates the business water market which opened on 1 April 2017.
<b>Non-appointed business</b>	The non-appointed business activities of the Company are activities for which the Company as a water and sewerage undertaker is not a monopoly supplier (for example, the sale of laboratory services to an external organisation) or involves the optional use of an asset owned by the Company (for example, the use of underground assets for cable television).
<b>Ofwat</b>	The name used to refer to the Water Services Regulation Authority (WSRA). The WSRA acts as the economic regulator of the water industry.
<b>Outcome Delivery Incentives (ODIs)</b>	The rewards earned and penalties incurred by companies according to how well they perform against the Performance Commitment Levels.
<b>Performance Commitment Level (PCL)/Performance Commitments (PCs)</b>	In consultation with Ofwat and our customers, we have set measurable targets for each ODI that represent the delivery of our outcomes.
<b>Price Control Units</b>	At the 2019 price review, Ofwat introduced separate price controls for wholesale water resources, wholesale water network+, wholesale wastewater network+, bioresources, retail household and retail non-household.
<b>Regulatory Accounting Guidelines (RAGs)</b>	The accounting guidelines for the APR issued, and amended from time to time, by Ofwat.
<b>Regulatory Capital Value (RCV)</b>	The capital base used in setting price limits and the value of the appointed business that earns a return on investment. It represents the initial market value (200-day average), including debt at privatisation, plus subsequent net new capital expenditure including new obligations imposed since 1989. The capital value is calculated using the Ofwat methodology to recognising the impact of indexation using ONS inflation RPI and CPIH indices.

## I Glossary continued

Term	Definition
<b>Retail Price Index (RPI)</b>	The RPI is compiled and published monthly by the Office for National Statistics. RPI is an average measure of change in the prices of goods and services bought for the purpose of consumption by the vast majority of households in the United Kingdom.
<b>Retail services</b>	The elements of the business responsible for direct contact with customers e.g. the contact centre, billing and reading meters. From April 2017, following the opening of the non-household market, business customers are able to choose their retail supplier. The appointed business exited all non-household market activities.
<b>Totex</b>	Total expenditure comprising operational expenditure (opex) and capital expenditure (capex).
<b>Water and Sewerage Company (WaSC)</b>	A company responsible for the provision of both water and sewerage services.
<b>Wastewater services</b>	Our wastewater services cover the collection, treatment and the return to the environment of sewage produced by households and businesses. In some areas surface water and sewage mix together before being treated at our sewage works.
<b>Wastewater treatment works (WWTW)</b>	We use this term, rather than sewage treatment works, to describe the facilities which return used water to a condition where it can safely be discharged to environmental waters.
<b>Water only company (WOC)</b>	A company responsible for the provision of water services only.
<b>Appointee</b>	A company appointed by Ofwat to provide water/Sewerage services for a specific area.
<b>CREWW</b>	The Centre for Resilience in Environment, Water and Waste, a Pioneering research centre for Resilience in Environment, Water and Waste, in partnership with Exeter University.
<b>CRI</b>	Compliance Risk Index (CRI) is a measure designed to illustrate the risk arising from treated water compliance failures, and it aligns with the current risk based approach to regulation of water supplies used by the Drinking Water Inspectorate (DWI).
<b>Event Duration Monitoring (EDM)</b>	A regulatory requirement to monitor the frequency and duration of releases from storm overflows.
<b>Green Recovery</b>	An initiative to go further on net zero, nature-based solutions and environmental protection.
<b>Net Zero 2030</b>	The plan to decarbonise the water sector by 2030.
<b>RISE</b>	An Employee feedback forum "Represent Inspire Share Energise".
<b>TUPE</b>	The Transfer of Undertakings (protection of employment) Regulations 2006 is the law in the UK which protects employees' rights when the part of the business they work in is sold or transfers to another business.
<b>Water treatment works (WTW)</b>	Water Treatment Works means that part of a waterworks that is used to filter or condition water for the purpose of rendering water acceptable for human consumption or hygienic use.
<b>WaterFit</b>	WaterFit is the next stage in the company's environmental strategy, accelerating and expanding plans to protect and enhance South West Water for future generations.
<b>WaterFit Live</b>	Live interactive map, is a way to give you the information you need the next time you want to visit your favourite beach. It allows you to see if any of our storm overflows have been operating at your local beach to an extent that they may have temporarily affected bathing water.
<b>WaterShare+</b>	A scheme which first launched across South West Water and Bournemouth Water in 2020. Following a second issuance, it now covers the Bristol region too. As a result more than one in 16 of our customers are now shareholders as well as customers.
<b>WINEP</b>	Water Industry National Environment Programme is the programme of actions water companies need to take to meet statutory environmental obligations, non-statutory environmental requirements or delivery against a water company's statutory functions.

