Data table commentary

Key data tables changes

South West Water

OUR BUSINESS PLAN 2025-2030

Executive Summary

This document provides summary information on material changes for the outturn year (2023/24) and forecast year (2024/25), when compared to our business plan, where the information does not fit into the substantial chapter structure.

Expenditure in this document is based in 2022/23 prices.

Commentary is provided on a combined basis (South West and Bristol) unless otherwise stated in the commentary.

Past Delivery expenditure

We have updated our latest outturn year (2023/24) data, with actual values reported in our 2023/24 Annual Performance Report (APR). Whilst the outturn 2023/24 actuals differ from our business plan submission in October 2023, in several areas, including capital expenditure, these changes do not materially impact our 2024/25 forecasts or the next regulatory period 2025-30.

Any notable changes to the outturn year (2023/24) as reported in our APR compared to our forecast in our business plan are detailed below:

CW1-CW21 Water

CW1 - Totex Analysis - Water Resources and Water Network+

Costs for the period 2022/23 - 2024/25

	Submission £m	DD £m
Total operating expenditure	624.67	610.03
Total gross capital expenditure	667.65	778.14
Totex	**1292.32**	**1388.17**

Operational expenditure for the period 2023/24 – 2024/25 has had no material movements from the original submission.

The main drivers to the capital expenditure increase in 2023/24 compared to the original forecast in the business plan relate to additional expenditure to improve resilience to drought including expenditure on a on our desalination plant and Blackpool Pit quarry in Cornwall as we enhance the water resources in the region. Further details can be found in out 2023/24 Annual Performance Report (APR) Report2024

We have made a correction to the Developer Services and Third-party data post submission in October 2023. In October for the years 2022/23 to 2024/25 the treatment for developer services was as per the APR guidelines. For the DD we have updated the treatment to match the PR24 methodology.

CW1a - Totex Analysis - Water Resources and Water Network+

Costs for the period 2022/23 - 2024/25

	Submission £m	DD £m
Total operating expenditure	624.69	610.03
Total gross capital expenditure	673.93	778.58
Totex	**1298.62**	**1388.61**

The main drivers for the **capital** expenditure increase, is as per table CW1 narrative.

CW2 - Base expenditure analysis - water resources and water network+

Base costs for the period 2022/23 - 2024/25

	Submission £m	**DD £m**
Total operating expenditure	602.91	588.17
Total gross capital expenditure	290.85	334.82
Totex	**893.76**	**922.99**

Base operation expenditure for the period 2022/23 to 2024/25 at the DD is inline with forecast at Submission.

Base Capital expenditure at the DD is greater than originally forecast. This has been due has been driven by 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 job activity.

Base costs for the period 2025/26 - 2029/30

	Submission £m	DD £m
Total operating expenditure	930.18	1025.02
Total gross capital expenditure	495.26	457.90
Totex	**1425.44**	**1482.92**

Base cost shave increased since submission due to the inclusion of two cost adjustment claims for Bristol, these are Canals and leakage. We have also corrected for an error in how the canals allowance was applied. We have also received a few increases for water network in Ofwat's Base modelling allowance.

CW3 - Enhancement Expenditure - Water Resources and Water Network+

Enhancement costs for the period 2022/23 - 2024/25

	Submission £m	DD £m
Total environmental programme expenditure; (WINEP/NEP) water totex	13.32	14.64
Total supply demand expenditure; SDB totex	56.15	84.26
Total metering expenditure; metering totex	38.08	30.47
Total other enhancement water expenditure	226.81	264.25
Total enhancement expenditure	**334.37**	**393.61**

The main drivers to the enhancement expenditure increase in 2023/24 compared to the original forecast in the business plan relate to additional expenditure to improve resilience to drought including expenditure on a on our desalination plant and Blackpool Pit quarry in Cornwall as we enhance the water resources in the region. Further details can be found in out 2023/24 Annual Performance Report (APR) Report2024

Enhancement costs for the period 2025/26 - 2029/30

	Submission £m	DD £m
Total environmental programme expenditure; (WINEP/NEP) water totex	68.17	69.80
Total supply demand expenditure; SDB totex	211.39	216.32
Total metering expenditure; metering totex	83.01	91.23
Total other enhancement water expenditure	363.59	373.85
Total enhancement expenditure	**726.16**	**751.20**

Enhancement expenditure pre frontier shift has increased for South West Water this has been due to additional costs for SRO's, Metering, water efficiency and Green recovery schemes that have moved from regulatory period 2020-25 to regulatory period 2025-30.

CW4 - Raw water transport, raw water storage and water treatment data

The values in this table have not changed from our original Business Plan submission. As part of the Draft Determination, there are no changes to sizeband or complexity lines as all water quality schemes are being represented with additional evidence. Small areas of change to modelled and shallow dives have no impact.

CW5 - Treated water distribution - assets and operations

The values for this table have been updated to align with our June WRMP submission.

CW6 - Water network+ - Mains, communication pipes and other data

Key changes from the business plan include mains for leakage removed from plan, the mains base costs have increased compared to the business plan and this has had a knock on effects of the age profiles dues to this.

CW7 - Demand management - Metering activities

CW9 – Enhancement expenditure (cumulative) - water resources and water network+

Data for 2023/24 has been updated to match the 2024 APR. Due to delays in the capital programme it is expected that South west water will finish their regulatory period 2020-25 programmes in 2024/25. The tear 2024/25 has been updated to reflect the changes in completion date of schemes.

CW10 - Wholesale water local authority rates

2023/24 data has been updated to match actuals and 2024/25 has been updated to the latest forecast. There have been no further changes to the Business Plan.

CW11 - Third party costs by business unit for the wholesale water service

2023/24 data has been updated to match the APR. There have been no other changes to the business plan.

CW12 - Transitional expenditure - water resources and water network+

No changes since submission.

CW13 - Best value analysis (enhancement expenditure) - water resources and water network+

Changes to the table since submission due to changes in CW3. Please refer to CW3 commentary.

CW14 - Best value analysis of alternative option (enhancement expenditure) - water resources and water network+

Changes to the table since submission due to changes in CW3. Please refer to CW3 commentary.

CW15 - Best value analysis (benefits) - water resources and water network+

No changes since submission.

CW16 - Best value analysis of alternative option (benefits) - water resources and water network+

No changes since submission.

CW17 - Accelerated programme expenditure – water resources and water network plus

The accelerated delivery programmes have been reduced for 2023/24 and 2024/25 due to feasibility with the delivery of the two awarded schemes for both leakage and metering.

CW18 - Cost adjustment claims - base expenditure: water resources and water network+

There has been changes since submission.

CW19 - Demand management - Leakage expenditure and activities

Changes since submission due to updating table for WRMP.

CWW1-CWW22 Wastewater

The Wastewater tables relate only to the South West Water supply area.

CWW1 - Totex analysis

Costs for the period 2022/23 - 2024/25

	Submission £m	DD £m
Total operating expenditure	398.71	398.50
Total gross capital expenditure	475.85	586.93
Totex	**874.56**	**985.43**

Operational expenditure for the period 2023/24 – 2024/25 has had no material movements from the original submission.

Capital expenditure increased in the year 2023/24 compared to the original forecast. This was due to additional expenditure to help tackle pollutions including £74m of transitional expenditure for storm overflows which has been moved from regulatory period 2025-30 to regulatory period 2020-25. Operational expenditure is expected to decrease in 2024/25.

Between submission and draft determination there has been a large increase in capital expenditure. The majority of this has been due to £74m of transitional expenditure for storm overflows which has been moved from regulatory period 2025-30 to regulatory period 2020-25.

We have made a correction to the Developer Services and Third-party data post submission in October 2023. In October for the years 2022/23 to 2024/25 the treatment for developer services was as per the APR guidelines. For the DD we have updated the treatment to match the PR24 methodology.

Costs for the period 2025/26 - 2029/30

	Submission £m	DD £m
Total operating expenditure	583.68	638.92
Total gross capital expenditure	1486.49	1460.00
Totex	**2070.17**	**2098.92**

Increases in operational expenditure between submission and the draft determination are due to cost adjustments claims being included in South West Water's cost modelling. These have been slightly offset by the frontier shift increasing from 0.5% to 1%.

There has also been a decrease in capital expenditure, this has been caused by transitional expenditure being moved from AMP8 to AMP7 offset slightly by a reduction in accelerated delivery costs as noted above.

CWW1A - Totex analysis - Wastewater network+ and bioresources

For the period 2022/23 to 2024/25 CWW1a mirrors CWW1, as South West Water has not included any frontier or real price effects.

Costs for the period 2025/26 - 2029/30

	Submission £m	DD £m
Total operating expenditure	591.81	659.18
Total gross capital expenditure	1491.60	1504.55
Totex	**2083.41**	**2163.73**

The main drivers for operation and **capital** expenditure increase, is as per table CWW1 narrative.

CWW2- Base expenditure analysis - wastewater network + and bioresources

Base costs for the period 2022/23 - 2024/25

	Submission £m	DD £m
Total operating expenditure	397.79	397.70
Total gross capital expenditure	193.96	249.43
Totex	**591.76**	**647.12**

Base operational expenditure is expected to be inline with our initial forecast for the period 2022/23 to 2024/25

Base capital expenditure increased in 2023/24 compared to the initial forecast, this was due to exceptional weather that was experienced over the year and resulted in additional spend to minimise pollutions and spills, together with additional reactive spend across wastewater treatment works and sewerage networks. Base capital expenditure is expected to decrease in the year 2024/25.

Base costs for the period 2025/26 - 2029/30

	Submission £m	**DD £m**
Total operating expenditure	551.38	609.32
Total gross capital expenditure	348.10	380.74
Totex	**899.48**	**990.06**

Base costs have increased since submission due to an increase in base costs awarded at the draft determination by Ofwat and inclusion of the cost adjustment claim for liming.

CWW3 - Enhancement expenditure - wastewater network+ and bioresources

Enhancement costs for the period 2022/23 - 2024/25

	Submission £m	**DD £m**
Total environmental programme expenditure; (WINEP/NEP) wastewater totex	227.44	301.55
Total environmental programme expenditure; (WINEP/NEP) bioresources totex	0.00	0.00
Total other enhancement wastewater/bioresources expenditure	15.55	10.84
Total other enhancement freeform lines wastewater/bioresources expenditure	7.56	3.82
Total enhancement expenditure	**250.55**	**316.21**

For the period 2022/23 to 2024/25 enhancement expenditure has increased for Wastewater. The majority of this movement has been to £74m of transitional expenditure which has been moved from regulatory period 2025-30 to regulatory period 2020-25 and has been included as part of the wastewater environmental programme.

Enhancement costs for the period 2025/26 - 2029/30

	Submission £m	**DD £m**
Total environmental programme expenditure; (WINEP/NEP) wastewater totex	1,018.88	950.70
Total environmental programme expenditure; (WINEP/NEP) bioresources totex	25.32	40.69
Total other enhancement wastewater/bioresources expenditure	53.41	87.15

Total other enhancement freeform lines wastewater/bioresources expenditure	38.32	47.14
Total enhancement expenditure	**1135.92**	**1125.66**

Wastewater Enhancement costs have decreased from the submission to the business plan. This has been due to Strom over flow expenditure moving from regulatory period 2025-30 to regulatory period 2020-25 as part of transitional expenditure. This has been offset by increase in costs for dewatering, cake pads and monitoring certification schemes.

CWW4 - Wastewater Network+ - Functional Expenditure

In line with the increase in base operational cost pre frontier shift, functional expenditure has increased compared to submission. Forecast expenditure is expected to increase by the following percentages:

- 2025/26 – 8.29%
- 2026/27 – 11.24%
- 2027/28 – 12.00%
- 2028/29 – 9.45%
- 2029/30 – 8.66%

CWW5-Wastewater Network+ - Large Sewage Treatment Works

CWW5.11 – 5.16 are linked to table CWW4.8 – 4.13. Proportionate changes have been made to lines CWW5.11- 5.13, and 5.15 based on lines CWW4.8 – 4.10, and 4.12, respectively.

Sum of STWs in CWW5.11 should match with CWW4.8 for that respective year. Since CWW4.8 is equal to the sum of all the different STWs in CWW5, the expenditure for all STWs has been changed proportionately in such a way that the sum of all the STWs in line CWW5.11 match CWW4.8 in that particular year.

Similar approach is used for CWW5.12, 5.13, and 5.15 which maps to CWW4.9, 4.10 and 4.12 respectively.

Changes have been applied based on the method explained above.

CWW6-Wastewater Network+ - Sewer and Volume Data

The initial submission for the storm overflow programme had 290 overflows. We have since made a number of changes and agreed them with the Environment Agency. A total of 30 schemes have been added to the AMP8 programme. 14 were added in responding to the Urban Wastewater Treatment Regulations U-IMP4 letter or where overflows are now spilling more than 10 times into bathing waters. 16 were added as a result of new inland bathing water designations. In order to ensure the programme is deliverable and costs are affordable 29 lower priority schemes with a similar overall cost were deferred into AMP9. The new schemes had different solutions to the deferred schemes so the quantities of solutions summarised in CWW20 and the impact of these solutions on projected asset numbers in CWW6 are different.

For the initial submission we took the forecast capex spend in CWW3 and applied the same percentage split to all quantities in CWW20. This meant that because the accelerated and transitional programme investment started in regulatory period 2020-25, some solution quantities were allocated to regulatory period 2020-25 in CWW20a and asset numbers to regulatory period 2020-25 in CWW6a. In practice, storage, surface water separation, inflow and infiltration, pass forward flow increase and nature-based solution schemes will deliver benefit once they are completed and commissioned, and investment in the initial stages of the projects will be on investigation, optioneering and design. We also need to ensure that our profiles will deliver the annual storage target profiles requested by Ofwat. Therefore, we have revised our approach using the increased granularity in ADD20 to assume that the solutions get delivered in the same year as scheme delivery (CWW20, CWW6), and that spill benefit starts to be realised in the following year (ADD20, OUT5). As a result, whilst accelerated and transitional investment has started, delivery of solutions is not expected until AMP8, therefore CWW20a and CWW6a have been left blank.

CWW6a-Transition And Accelerated Programme - Wastewater Network+ - Sewer And Volume Data

In line with changes in table CWW6, whilst accelerated and transitional investment has started, delivery of solutions is not expected until AMP8, therefore CWW20a and CWW6a have been left blank.

CWW8-Wastewater Network+ - Energy Consumption and Other Data

Data for 2023/24 has been updated with actuals. There have been no other changes since the submission of the business plan.

CWW9 - Enhancement expenditure (cumulative) - wastewater network+ and bioresources

Data for 2023/24 has been updated to match the 2024 APR. Due to delays in the capital programme it is expected that South west water will finish their AMP7 programmes in 2024/25. The tear 2024/25 has been updated to reflect the changes in completion date of schemes.

Also, in the year 2024/25 is £74m for the transitional expenditure relating to storm overflows.

CWW10-Wholesale Wastewater Local Authority Rates

2023/24 data has been updated to match actuals and 2024/25 has been updated to the latest forecast. There have been no further changes to the Business Plan.

CWW11 - Third party costs by business unit for the wholesale wastewater service

2023/24 data has been updated to match the APR. There have been no other changes to the business plan.

CWW12 - Transitional expenditure - wastewater network+

Our PR24 Business Plan did not include transitional expenditure, however, we are now proposing a programme of £74 m of capital expenditure in year 2024/25.

CWW13 -Best Value Analysis (Enhancement Expenditure) - Wastewater Network+ And Bioresources

Values in this table have changed due to the changes in table CWW3.

CWW14 -Best Value Analysis (Enhancement Expenditure) - Wastewater Network+ And Bioresources

Values in this table have changed due to the changes in table CWW3.

CWW 15 -Best Value Analysis (Benefits) - Wastewater Network+ And Bioresources

Changes have only occurred to lines 15.48, 15.58, 15.69, 15.83, 15.141, 15.146 – these are the lines associated with storm overflow (SO) spill benefit. Post DD, we have reprofiled this benefit in line with the revised Storm Overflow enhancement programme.

A comparison between the original submission and post DD submission was carried out, to establish the change in capex allocation to each of the SO enhancement solution types. The total 4.61 spill benefit (AMP8, as per Table OUT3) has been apportioned to each solution type, in line with Capex allocation.

No other benefits in this table have been adjusted, due to minimal programme changes. Where re-profiling of schemes has occurred, total benefits realised within AMP are unchanged, and so benefits have not been altered.

CWW16 -Best Value Analysis Of Alternative Option (Benefits) - Wastewater Network+ And Bioresources

Alternative options have not changed for the WINEP programme/any wastewater treatment schemes as solution types for the preferred programme are unchanged. We have not developed new alternative options for the revised SO enhancement programme due to time constraints.

CWW17 -Accelerated Programme Expenditure - Wastewater Network+

Our PR24 Business Plan included £19.508m of accelerated expenditure in the Storm Overflow programme and £10.249m in the Phosphorus removal programme.

The current values for accelerated expenditure total £8.535m for the Storm Overflow programme and £11.661m for the Phosphorus removal (Chemical schemes)

CWW18- Cost Adjustment Claims - Base Expenditure: Wastewater Network+ And Bioresources

Totex for the price control (Bioresources) and the materiality are the only lines that have changed as compared to business plan. There is no change in value of the claim.

CWW19 -Wastewater Network+ - WINEP Nutrient Removal (Phosphorus And Total Nitrogen) Scheme Costs And Cost Drivers

There have been no significant changes from the original submission, although there has been a change to the scheduled delivery dates for several schemes, in order to align with the newly applied Price Control Deliverable, which has incentivised the delivery profile.

CWW20 -Wastewater Network+ - Sewage Treatment Works Population, Capacity And Network Data

The initial submission for the storm overflow programme had 290 overflows. We have since made a number of changes and agreed them with the Environment Agency. A total of 30 schemes have been added to the AMP8 programme. 14 were added in responding to the Urban Wastewater Treatment Regulations U-IMP4 letter or where overflows are now spilling more than 10 times into bathing waters. 16 were added as a result of new inland bathing water designations. In order to ensure the programme is deliverable and costs are affordable 29 lower priority schemes with a similar overall cost were deferred into AMP9. The new schemes had different solutions to the deferred schemes so the quantities of solutions summarised in CWW20 and the impact of these solutions on projected asset numbers in CWW6 are different.

For the initial submission we took the forecast Capex spend in CWW3 and applied the same percentage split to all quantities in CWW20. This meant that because the accelerated and transitional programme investment started in regulatory period 2020-25, some solution quantities were allocated to AMP7 in CWW20a and asset numbers to regulatory period 2020-25 in CWW6a. In practice, storage, surface water separation, inflow and infiltration, pass forward flow increase and nature-based solution schemes will deliver benefit once they are completed and commissioned, and investment in the initial stages of the projects will be on investigation, optioneering and design. We also need to ensure that our profiles will deliver the annual storage target profiles requested by Ofwat. Therefore, we have revised our approach using the increased granularity in ADD20 to assume that the solutions get delivered in the same year as scheme delivery (CWW20, CWW6), and that spill benefit starts to be realised in the following year (ADD20, OUT5). As a result, whilst accelerated and transitional investment has started, delivery of solutions is not expected until AMP8, therefore CWW20a and CWW6a have been left blank.

CWW20A -Transition And Accelerated Programme - Wastewater Network+ - Sewage Treatment Works Population, Capacity And Network

CWW20 has been updated to show the change in profile of the transitional and the accelerated delivery as discussed above.

BIO1-6 Bioresources

Bioresources relates only to the South West Water supply area.

BIO1 - Bioresources Sludge Data

The business plan data for sludge was calculated from anticipated growth in population and associated sludge production with an additional small increase for our AMP8 chemical nutrient reduction programme agreed in the WINEP.

In the draft determination Ofwat imposed Price Control Deliverables (PCDs) on the chemical nutrient reduction programme which necessitated altering the profile of the delivery of our individual schemes, which in turn altered the total sludge production profile very slightly.

Chemical P sludge as % of sludge produced at STWs has updated to reflect the revised profile of delivery for our chemical nutrient reduction programme.

The changes impact Years 1-4 of AMP8 as some nutrient reduction schemes are delivered earlier than originally planned to meet the Ofwat PCD requirements.

The profiles used are shown below:

Total TTDS per annum	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Business Plan	44.2	41.4	46.3	47.8	49.0	50.7	51.9	53.6
Draft Determination	44.2	41.2	46.3	47.8	49.2	50.9	52.3	53.6

BIO2 - Bioresources Operating Expenditure Analysis

2023/24 data updated with actuals, no other changes to the Business Plan.

BIO3a -Bioresources Energy Analysis

Energy shadow reporting has been updated for the change in profile of the delivery of Nutrient Neutrality Schemes identified in table BIO1 and consequential changes to TTDS.

BIO3b - Bioresources; Income, Liquors and Metering Analysis

2023/24 data updated with actuals, no other changes to the Business Plan.

BIO4 - Bioresources Sludge Treatment and Disposal Data

2023/24 data updated with actuals, no other changes to the Business Plan.

BIO5 -Bioresources - Additional Treatment and Storage Data

SWW has reviewed options following Ofwat's decision not to support our landbank mitigation investment. The landbank mitigation investment comprised two elements:

- Strategic storage and
- Advanced thermal conversion full scale pilots

We accept Ofwat's decision regarding ATC full scale pilots and understand the options available through collaborative working with other WASCs and Ofwat;s Innovation fund. However, we acknowledge a need to now to invest in additional storage to comply with FRfW under the WINEP Storage plus approach. We intend to build additional storage at two locations to act as storage hubs for Devon and Cornwall in line with the WINEP guidance for SUiAR_ND and Storage plus. This is shown in Line BIO5.5.

We have reviewed each STC site and assessed available storage. While there are pinch points in our available storage the additional storage on 2 sites will provide regional storage options to support with farmer acceptability and short term restrictions on deploying to land under FRfW. This is not a long term solution in the event of the closure of the landbank but instead meant to provide a buffer storage space in the event of extreme weather conditions or temporary farmer acceptability issues. Delivery of the strategic storage facilities is anticipated in 2026-27 to provide the strategic storage as soon as possible to maximise the benefit from this.

BIO6 - NMEAV for capital enhancement schemes

No changes since the business plan submission

RET1-2 Retail

RET1 - Cost analysis - retail (post frontier shift and real price effects

For retail there has been no material changes between the costs forecasted at submission and the costs forecasted in the draft determination.

South West Water has accepted Ofwat's modelled retail costs. This has increased the overall costs in retail. The real price effect has also changed the profiling of expenditure. This is due to Ofwat applying real wage effects into the post frontier and real price effects.

Ofwat has modelled SWW and BRL costs together and the % cost changes in the model have been disaggregated between the two companies on a proportional basis.

RET1A - Cost Analysis – Retail

South West Water has accepted Ofwat's retail modelled cost allowance. Ofwat given South west Water additional costs before real price effects. Ofwat has modelled SWW and BRL costs together and the % cost changes in the model have been disaggregated between the two companies on a proportional basis.

RET2 - Residential Retail

Data has been updated for 2023/24 to match the reported actuals and 2025/25 has been updated with South West Water's latest budget.

DS1-6 Developer Services

DS1e – Developer Services Revenue (English Companies)

The only change to the business plan is NRSWA diversions, this has been to match costs in CW11 to income. Costs need to be 82% of income and 2024 data has been updated with actuals.

DS2E – Developer services expenditure (excluding diversions) - water

Data for 2023/24 has been updated reported with actuals. There have been no other changes since the submission of the business plan.

DS3 - Developer Services Expenditure (Excluding Diversions)

Data for 2023/24 has been updated with reported actuals. There have been no other changes since the submission of the business plan.

DS4–Developer Services - New Connections, Properties and Mains

Data for 2023/24 has been updated with reported actuals. There have been no other changes since the submission of the business plan.

DS5–Network Reinforcement Costs

Data for 2023/24 has been updated with reported actuals. There have been no other changes since the submission of the business plan.

DS6–Network Reinforcement Drivers - Potable Mains, Sewers, Pumping Stations and Pumping Capacity

Data for 2023/24 has been updated with reported actuals. There have been no other changes since the submission of the business plan.

SUP 1-15 Supplementary Tables

The Green recovery projects are only applicable to the South West region

SUP4 - Green Recovery expenditure – water resources and water network+

Green Recovery Project	Green Recovery Sub Project	Ofwat Scheme	Table Line
01 Knapp Mill water treatment works advancement	KNAPP MILL WTW	Resilience	CW3.118
01 Knapp Mill water treatment works advancement	KNAPP MILL WTW	Addressing raw water quality deterioration (grey solutions)	CW3.97
02 Water resource grid enablement	Roadford Pumped Storage GRP	Supply-side improvements delivering benefits in 2025-2030	CW3.41
02 Water resource grid enablement	Prewley to Northcombe Transfer Main GRP	Addressing raw water quality deterioration (grey solutions)	CW3.97
02 Water resource grid enablement	R Tamar Abstraction (Gatherly) Enabling	Supply-side improvements delivering benefits in 2025-2030	CW3.41
03 Smarter Healthier Homes GRP	Smart Metering	New meters requested by existing customers (optants)	CW3.60
03 Smarter Healthier Homes GRP	Leakage Improvements	Leakage improvements delivering benefits in 2025-2030	CW3.47
03 Smarter Healthier Homes GRP	Lead Pipe Replacement Trial	Lead communication pipes replaced or relined	CW3.106
05 Catchment Management	Catchment Management	Addressing raw water quality deterioration (grey solutions)	CW3.97

In the business plan all projects were due to be complete by 2024/25. Due to various factors two Green Recovery projects have been extended into 2025/26. These projects are Knapp Mill and North devon water resources. Costs for 2025/26 have now been included with the completion values of projects updated.

Smarter healthier homes have been significantly scaled down due to challenges surrounding meter and pipe replacements. There is conservable less expenditure than at the original business plan submission.

SUP5- Green Recovery expenditure – wastewater network+ and bioresources

There is one Wastewater Green Recovery project: The South West region expenditure is forecast to be in line with the Green Recovery allowances.

Green Recovery Project	Green Recovery Sub project	Ofwat Scheme	Table line
04 Storm overflows	Storm overflows	Storage to reduce spill frequency at CSOs etc - green solution	CWW3.25

Since the business plan South West Water has not met its pollution performance target. This has meant that South West Water is not eligible for the funding on the scheme and as a result the project has incurred no further expenditure.

SUP6 - Green Recovery data

Compared to the original business plan submission there was a reduction in Green Recovery activity in 2023/24, and there is forecasted to be an increase in activity in 2024/25, as well as a slightly reduced programme for Smart Healthier Homes.

Due to the reasons described above the Storm overflows scheme has been halted.

SUP7 Green Recovery; Water common performance commitments

There have been significant movements in leakage as part of a review of leakage performance across South West Water.

Due to a reduction in the numbers of meters installed and the forecasted number of meters installed the expected impact on PCC for Green Recovery has decreased.

SUP9–Green Recovery; Bespoke Performance Commitments

2021/22 has been updated due to a manual input error in the table. 2023/24 has been updated with actual achieved in the year. South west water is on track to achieve 4000ha on biodiversity improvements by 2024/25 as part of the Green recovery scheme.

SUP10 - Green recovery data capture reconciliation model input

There has been a reduced scope in the Smarter Healthier Homes programme due to difficulties with delivering the scheme. Storm overflows has been halted due to South West Water no longer be eligible for the funding. Knapp Mill and North Devon Water resources have been delayed and is now due for completion in 2025/26.

South West Water is now no longer completing the storm overflow schemes.

The Green Recovery projects are only applicable to the South West region.

SUP11 - Real price effects and frontier shift

We proposed 0.5% Frontier Shift in our business plan and did not propose RPEs. But Ofwat proposed 1% Frontier Shift levels and RPEs on labour and energy. Summary of what RPEs have been proposed by Ofwat can be found in the Overview section.

PD1-12 Past Delivery

PD1 – Inflation

Inflation has fallen quicker than originally forecasted at the business plan. This has been due to falling electricity prices and interest rate increases decreasing demand.

PD5-Revenue Reconciliation – Wholesale

Data has been updated for 2023/24 to match the 2024 APR actuals and 2024/25 has been updated with South West Water's latest budget. There has been no materially changes to the original submission.

PD7 - Impact of Green Recovery On RCV

At the time of the business plan South West Water was planning on completing each Green recovery project to 100% completion in 2024/25. However, due to various factors, South West Water have had to delay and stop some of the projects. Two projects are now due to complete in 2025/26 these are Knapp Mill and North Devon Grid enablement.

Smarter healthier homes has been reduced in scope due to the difficulties with lead pipe replacements and meter installations, meaning this project will not be 100% complete and South West Water will have a reduction in allowed Green recovery revenue recovered and also a reduction in RCV for this project.

South West Water has not met its performance criteria for Storms overflows. As result of this South West Water will not be able to claim RCV for capex spent on this project through the Green recovery mechanism. South West Water has now stopped this project.

PD7A - Impact of Green Recovery On RCV

Price control changes to update for price controls as per Ofwat's allowance.

Decrease in expenditure due to difficulties with execution of the Green recovery projects, caused by Knapp Mill and North Devon Water resources projects being pushed back into 2025/26 and storm overflows being stopped completely.

The change in projects has also resulted in changes in the timing of expenditure.

PD8 - Totex Analysis - Wholesale

The year 2023/24 has been updated with actuals from the Annual performance report for 2023/24. In the year 2023/24 actuals there has been a significant increase in costs due to additional spend in the capital programme. This was due to additional repairs that needed to be complete on South West Water's assets and additional expenditure for Water fit and water resilience to future proof South West Water against drought.

Expenditure in 2024/25 has also increased to reflect additional costs incurred in 2023/24 which are expected to continue at the beginning of the year 2024/25. This is due to an increase in capital expenditure.

On top of the additional budget for 2024/25 there has been an additional £74m added into 2024/25 for storm overflows and a reduction in accelerated delivery and Green recovery due to the feasibility of delivering the schemes.

PD9-Totex Performance

Since the business plan 2023/24 data has been updated with 2023/24 actuals. In year there was significantly more Totex spent than forecasted due to additional capital repairs and investment into the company's assets. This has caused a significant increase in the variance between actual expenditure and allowance.

In the year 2024/25 the data has been updated to reflect the 2024/25 budget. The budget is higher than was forecasted at the business plan, due to additional costs of the capital programme. Also, in 2024/25 there is an increase in disallowable costs. This has been due to costs for the Brixham incident and costs for the section 203 investigation.

PD11 - RCV Midnight Adjustments

Since submission the PR19 reconciliation models have been updated for 2023/24 actuals, 2024/25 updated forecast where applicable, and any issues identified by Ofwat. The key changes to the models are below:

- ODIs – Improvements in bathing water ODI.
- WINEP – No changes
- Cost reconciliation – Significant overspend in 2024/25 and an increase in the 2024/25 forecast, due to addition investment in our capital assets,
- Land Sales – South west water is no longer forecasting any land sales in 2024/25.
- RPI-CPIH – Change in inflation rates due actual inflation falling quicker than forecasted.
- Strategic regional resources – Using latest Ofwat model and costs have been updated for actuals for 2023/24 and forecast for 2024/25.
- Green recovery – There has been a reduction in the completion of Green recovery projects as per table SUP10.
- Other RCV adjustments – There has been no changes to other RCV adjustments

- Transitional expenditure –. Transitional expenditure has now been approved by Ofwat and added into the plan for storm overflows.
- Accelerated delivery – Decrease in value of accelerated delivery due to feasibility of the schemes.

PD12 -PR19 Reconciliation Adjustments Summary

Since submission the PR19 reconciliation models have been updated for 2023/24 actuals, 2024/25 updated forecast where applicable, and any issues identified by Ofwat. The key changes to the models are below:

- RFI – Model updated for 2022/23 in period determination outcomes.
- C- Mex – No longer included to match Ofwat's model.
- D-Mex – No longer included to match Ofwat's model.
- Bioresources – Updated for 2023/24 actuals.
- Residential Retail – Updated for 2023/24 actuals..
- Developer services – Updated for 2023/24 actuals.
- Cost of new debt – Change in inflation and Ibox forecast due to changes in inflation.
- Tax revenue adjustments – Material difference to submission due to change in treatment of capital allowances.
- RPI-CPIH – Change in inflation rates due actual inflation falling quicker than forecasted.
- Strategic water resources – Using latest Ofwat model and costs have been updated for actuals for 2023/24 and forecast for 2024/25.
- Other revenue adjustments – There has been no changes form submission.

Cost drivers

We have updated our latest outturn year (2023/24) based on cost driver data, with actual values reported in our 2023/24 Annual Performance Report, and whilst the data has changed post our business plan submission in October 2023, there are no material changes and none that impact our 2024/25 forecasts or the next regulatory period 2025-30.

Since the APR was published for 2023/24 a project to develop a special digital model of sewers has been ongoing. This approach considers the position within our GIS system, aligning with wastewater bill payers and establishing a mapping which considers the curtilage of a property as well as the likely route (via the road network).

As a result, we have updated table CWW6 for 2023/24 with this latest sewer length and uplifted the subsequent years of regulatory period 2025-30.

We will be engaging with Ofwat to provide an update to the APR and share this innovative approach to modelling.

Outcomes

We have updated our latest outturn year (2023/24) data, with actual values reported in our 2023/24 Annual Performance Report, and whilst the data has changed post our business plan submission in October 2023, there are no material changes and none that impact our 2024/25 forecasts or the next regulatory period 2025-30.

For full details on our Outcomes, please see document “SBBDD08_LS_03Outcomes”.