

UUW90

# Supplementary - Commentaries

October 2023

Data Table Commentaries

This document provides a commentary and supporting information for the Supplementary PR24 data tables

## Executive Summary

The Supplementary commentary document is designed to support and provide commentary on the supplementary (SUP) data tables within United Utilities Water (UUW) price review submission.

As per the Ofwat guidance, tables SUP2 and SUP3 are no longer in use, so are not required to be populated.

Green recovery expenditure is reported in tables SUP4 and SUP5. Actual totex for 2022/23 is sourced from APR tables 4S and 4T and the final two years of AMP7 reflects the current forecast. We anticipate the Green Recovery programme will be delivered within AMP7 with the exception of the Water industry National Environment Programme (WINEP) investments at Bury WwTW, which are currently forecast for 2025/26.

We will not be installing/renewing any meters or replacing any lead pipes under our Green recovery programme. As such lines SUP6.1 to SUP6.21 in Table SUP6 have been intentionally left blank in line with the Ofwat guidance. Lines SUP6.22 and SUP6.24 correspond to the forecast volumes associated with the proposed storage solutions at Bury WwTW and Nuttall Road CSO. In line with our plan, outputs are only reported when the solutions are planned to be fully complete. None of our Green recovery activity impacts on line SUP6.23 and SUP6.25, hence they are reported as zero.

Tables SUP7 and SUP8 are not relevant to UUW, as our Green Recovery programme does not impact on any of the AMP7 common performance commitments (PCs). As such, these tables have been intentionally left blank, in line with the Ofwat guidance.

There is the potential for our Green Recovery programme to impact on three of our AMP7 bespoke performance commitments. These are shown in Table SUP9. However, in 2022/23, none of our activities delivered any benefit in these areas. We are also forecasting that there will be no additional benefit seen in 2023/24 or 2024/25. These three PCs will then come to a close at the end of the AMP.

Table SUP10 shows the anticipated delivery schedule for each of the schemes within our Green recovery programme. A detailed overview of our Green recovery activity has been published on our corporate website<sup>1</sup>. An extract of this progress report, detailing the future milestones of each project, is shown in the SUP10 section of the Supplementary commentary.

Table SUP11 sets out expected changes in our input prices relative to inflation (also known as Real Price Effects). It also captures our assumptions for ongoing productivity improvements (also known as frontier shift). The values contained in this table are used to calculate the pre and post efficiency view of totex.

Table SUP12 shows a list of projects which have been identified as having whole life totex above the 'DPC by default' threshold of £200m and which have undergone an assessment of suitability for DPC in accordance with criteria set by Ofwat. A programme of work (Manchester Ship Canal BOD Programme) has been deemed suitable for DPC and the table identifies the associated AMP8 DPC related development costs.

Table SUP 13 is not relevant to UUW, so in-line with the Ofwat guidance has been intentionally left blank.

Table SUP14 demonstrates that we have engaged with over 90,000 household customers and over 3,000 non-household customers on our business plan. Our whole plan affordability and acceptability results show that 70% of household customers and 85% of non-household customers find the 2025-30 business plan acceptable. In terms of affordability of proposed bills for 2025-30, 15% of household customers and 39% of non-household customers find them easy to afford, whereas 48% of household customers and 30% of non-household customers find them difficult to afford.

Table SUP15 presents a summary of household customer affordability package. Included within the table are projections of number of customers in receipt of affordability support and the cost of this support broken down between customer and company contributions. Details of the scale of social tariffs, payment matching,

<sup>1</sup> <https://www.unitedutilities.com/globalassets/documents/pdf/green-recovery-2023/download>

innovative tariffs and water efficiency support are all presented. Also included with the table are projections for scale of water poverty before and after affordability support.

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# 1. SUP1A – Connected Properties, customers and population

## 1.1 Whole table

### Data quality confidence grade

1.1.1 We have graded this table data as B2.

## 1.2 Customer numbers - average during the year and Property numbers - average during the year

### SUP1A.1 - 4 and SUP1A.10 - 11

1.2.1 These lines correspond to the residential customer numbers across AMP7 and AMP8, and are aligned to the Household customer numbers inputs in table RR7.

1.2.2 There is a shift in the proportion of household customers from unmeasured to measured throughout AMP8 and AMP9 due to proactive meter installations, and wider promotion of metering, along with an increase in overall metered customers due to new connections.

1.2.3 Values for reporting year 2022/23 align with the average customers numbers reported in table 2F of the Annual Performance Report (APR).

1.2.4 Values for 2023/24 aligns to customer number forecasts used to set tariffs for the year

1.2.5 Values for 2024/25 onwards incorporate key customer forecasts as included in the *UUW* Revised Water Resources Management Plan (WRMP). However, we have deviated from assumptions used in the *UUW* Revised WRMP for two factors:

- Latest information on new connection volumes in 2022/23 and 2023/24; and
- Projected increases in numbers of future households that will be served by NAVs.

1.2.6 The profile of connection volumes to 2029/30 is therefore different to that reported in the *UUW* Revised WRMP, as set out below in Table 1. Despite this profiling difference, we anticipate that total billable water customer numbers will return to WRMP projections by 2029/30.

**Table 1: Connection profile compared to Revised WRMP**

WRMP vs SUP1A HH billable customers	2025/26	2026/27	2027/28	2028/29	2029/30
WRMP HH water totals	3,231.7	3,261.7	3,290.7	3,317.8	3,344.1
Exclude: Domestic NAVs	-13.3	-17.2	-21.4	-26.1	-31.3
<b>WRMP underlying HH billable water</b>	<b>3,218.4</b>	<b>3,244.5</b>	<b>3,269.3</b>	<b>3,291.6</b>	<b>3,312.9</b>
SUP1A HH total billable	3,276.1	3,301.8	3,333.1	3,366.5	3,397.2
Exclude: wastewater only	-84.5	-84.5	-84.5	-84.4	-84.4
<b>SUP1A underlying HH billable water</b>	<b>3,191.6</b>	<b>3,217.2</b>	<b>3,248.6</b>	<b>3,282.1</b>	<b>3,312.9</b>
<b>Difference in AMP8 due to revised new connections profile</b>	<b>-26.9</b>	<b>-27.3</b>	<b>-20.6</b>	<b>-9.5</b>	<b>0.0</b>

### SUP1A.5 - 8 and SUP1A.13 - 15

1.2.7 These lines correspond to the business property numbers across AMP7 and AMP8.

1.2.8 The NHH business property forecasts are generally aligned to the *UUW* Revised WRMP with some minor deviations.

- 1.2.9 The starting position was based on the 2022/23 average business property numbers reported in table 4R of the APR. This varied to the WRMP due to a change in Ofwat reporting guidance which resulted in unmeasured troughs being removed from calculations and also data cleanse activity undertaken throughout 2022/23 which removed ineligible premises from the non-household market. Differing reporting timelines with the revised WRMP impacted property numbers by around 7,000.
- 1.2.10 In-line with post WRMP adjustments made for household numbers, two other deviations have been applied to account for projection for new connections between 2022/23 and 2029/30 and the projected number of business properties being served by NAVs being removed.
- 1.2.11 Projections beyond 2030 align fully to the *UUW* Revised WRMP.
- 1.2.12 We have graded the data confidence of table SUP1A as B2. This is consistent with the data approach for the Annual Performance Report (APR).

## 2. SUP1B – Properties and meters

### 2.1 Whole table

#### Data quality confidence grade

2.1.1 We have graded this table data as B2.

#### SUP1B.1 - 2

2.1.2 These lines correspond to the new household and business property numbers across AMP7 and AMP8 as forecast in DS4.

2.1.3 A 2% adjustment is made for new properties that are classified as 'unable to meter' at the point of connection. This percentage is derived from previous trends.

#### SUP1B.3 - 5

2.1.4 These lines correspond to the year-end residential customer numbers that are billed for water, split by meter types.

2.1.5 These figures are consistent with those in SUP1A.1 - 4, with the commentary provided above applicable to these lines too. The only difference being that these are year-end values as opposed to year average.

2.1.6 The forecasted change in meter splits are driven by the metering programme that has been proposed in the business plan, and is based on the below key principles:

- AMP7 reactive exchanges will move customers from a basic to AMR meter. All other growth in measured customers will be onto an AMR meter; and
- AMP8 pro-active and reactive exchanges will move customers from basic and AMR meters onto AMI meters. All other growth in measured customers will be onto an AMI meter.

#### SUP1B.7 - 10

2.1.7 These lines correspond to the year-end business property numbers that are billed for water, split by service and meter types. These figures are consistent with those in SUP1A.5 - 8,

2.1.8 With the commentary provided above applicable to these lines too. The only difference being that these are year-end values as opposed to year average.

2.1.9 The forecasted change in meter splits are driven by the metering programme that has been proposed in the WRMP and PR24 Business Plan. For the remainder of AMP7 the profile remains consistent with prior years. Throughout AMP8 business properties will move from basic and AMR meters onto AMI meters, based on a 20% per annum delivery plan. All other growth in measured customers will be onto an AMI meter.

#### SUP1B.17 - 21

2.1.10 Lines 17 and 18 correspond to the average in year total billed population numbers split for Water and Wastewater (including non-resident wastewater population).

2.1.11 Lines 19 to 21 correspond to the water resident (household) population split by measured, unmeasured and total. Household population is calculated by multiplying household property by its assumed occupancy rate (split by measured and unmeasured). Splits in measured and unmeasured population is driven by the WRMP24 final planning forecast which is underpinned by the proposed metering program through AMP8. This serves to decrease unmeasured household properties (and population) and increase measured household properties (and population).

2.1.12 We have graded the data confidence of table SUP1B as B2. This is consistent with the data approach for the Annual Performance Report (APR).



### **3. SUP4 – Green recovery expenditure – water resources and water network +**

#### **3.1 Whole table**

##### **SUP4.1 - 15**

- 3.1.1 Green Recovery expenditure reported in SUP4 is not associated with any major projects.
- 3.1.2 Actual totex sourced from APR tables 4S for 2022/23, and the final two years of AMP7 reflects the current forecast.
- 3.1.3 We anticipate the Green Recovery programme within water resources and Water Network Plus will be delivered within AMP7.
- 3.1.4 The costs are also reported in the 'Addressing raw water quality deterioration (green solutions)' within table CW3.

## 4. SUP5 – Green recovery expenditure – wastewater network + and bioresources

### 4.1 Whole table

#### SUP5.1 - 15

- 4.1.1 Green Recovery expenditure reported in SUP5 is not associated with any major projects.
- 4.1.2 Actual totex sourced from APR tables 4T for 2022/23, and the final two years of AMP7 reflects the current forecast.
- 4.1.3 We anticipate the Green Recovery programme will be delivered within AMP7, with the exception of the Water industry National Environment Programme (WINEP) investments at Bury as completion of the project may be delayed until 2025/26.
- 4.1.4 Accelerating partnerships to deliver natural solutions is also reported within 'Effective storage in the network to reduce spill frequency at Combined Sewer Overflows (CSO) etc. (green solutions)' and 'Investigations, other (WINEP/National Environmental Programme (NEP)) - desk-based studies only wastewater' within CWW3.
- 4.1.5 AMP8 WINEP investments at Bury is also reported within 'Increase storm tank capacity at STWs - grey solution; (WINEP/NEP) wastewater' and 'Storage schemes to reduce spill frequency at CSOs etc. - grey solution; (WINEP/NEP) wastewater' within CWW3.
- 4.1.6 Tackling storm overflows is also reported within 'Investigations, other (WINEP/NEP) - desk-based studies only wastewater' within CWW3.

## 5. SUP6 – Green recovery data

### 5.1 Whole Table

#### Data quality confidence grades

5.1.1 We have graded this table data as A2.

### 5.2 Metering activities and leakage

#### SUP6.1 - 21

5.2.1 We will not be installing/renewing any meters or replacing any lead pipes under our Green recovery programme. As such, lines SUP6.1 - 21 have been intentionally left blank, as per the Ofwat guidance.

5.2.2 Additional storm tank and volume

#### SUP6.22 and SUP6.24

5.2.3 These lines correspond to the volumes associated with the Green recovery projects at Bury Wastewater Treatment Works (WwTW) and Nuttall Road CSO.

5.2.4 Since our initial Green recovery submission of the proposed solutions at Bury WwTW and Nuttall Road CSO, there has been extensive modelling and pre-construction investigations carried out at both of the sites. These investigations uncovered complexities at the Nuttall Road site, including encountering rock and contaminated ground, which will increase delivery costs. This increase is expected to be offset by efficiencies at Bury, where we will be able to meet the original requirement using significantly less storage volume. The investigations also identified an opportunity to improve the location of the proposed construction at Nuttall Road CSO, which has also allowed for a reduction in the required storage volume at the Nuttall Hall site. The overall total cost to deliver the projects remains in-line with the figure that was initially agreed with Ofwat, however, the distribution of the cost has changed following the modelling and investigations phase. Once our internal financial change control processes have been completed, we anticipate reporting of the revised cost distribution in our annual performance report and associated Green Recovery annual progress report at year end 2023/24.

#### SUP6.23 and SUP6.25

5.2.5 None of our Green Recovery activity impacts on the performance of these reporting lines, hence they are reported as zero.

## 6. SUP7 – Green Recovery: Water common performance commitments

### 6.1 Whole table

#### SUP7.1 - 4

- 6.1.1 Our submission specifically stated that our Green recovery programme would only potentially impact on three of our bespoke Performance Commitments (see table SUP9).
- 6.1.2 Therefore there is no Green recovery impact on any of the Common PCs. As such, this table has been intentionally left blank, as per the Ofwat guidance.

## 7. SUP8 – Green recovery; Wastewater common performance commitments

### 7.1 Whole table

#### SUP8.1 - 6

- 7.1.1 Our submission specifically stated that our Green recovery programme would only potentially impact on three of our bespoke Performance Commitments (see table SUP9).
- 7.1.2 Therefore there is no Green recovery impact on any of the Common PCs. As such, table SUP8 has been intentionally left blank, as per the Ofwat guidance.

## 8. SUP9 – Green recovery: bespoke performance commitments

### 8.1 Whole table

#### SUP9.1 - 8

- 8.1.1 There is the potential for some of our ‘sustainable drainage and natural flood management’ Green recovery activities to provide additional benefit under both our ‘hydraulic internal flood risk resilience’ and ‘hydraulic external flood risk resilience’ performance commitments. However, in 2022/23, none of our activities delivered any benefit in this area. We are also forecasting that there will be no additional benefit seen in 2023/24 or 2024/25. These two performance commitments will then come to a close at the end of AMP7.
- 8.1.2 Likewise, there is the potential for some of our ‘catchment phosphorus’ Green recovery activities to provide additional benefit under our ‘enhancing natural capital for customers’ performance commitment. Again, none of our activities delivered any benefit in this area in 2022/23, or have any forecast benefit in 2023/24 or 2024/25. This performance commitments will then come to a close at the end of AMP7.

## 9. SUP10 – Green recovery data capture reconciliation model input

### 9.1 Whole table

#### SUP10.55 - 64

- 9.1.1 A detailed overview of our Green Recovery activity for 2022/23 and the future milestones associated with each of our projects has been published on our corporate website<sup>2</sup>.
- 9.1.2 An extract of this progress report, detailing the future milestones of each project is shown below.
- 9.1.3 *UUW* wish to make Ofwat aware of a small number of inconsistencies within this table:
- 9.1.4 There is a minor issue emanating from the formulas contained in cells G151 and G152 (lines SUP10.57 and SUP10.58). The numbers displayed in these cells are calculations which do not generate an integer, and therefore generate a percentage complete of greater than 100% achievement of objectives. This could be seen as misleading; and
- 9.1.5 We also wish to highlight that a number of ‘components’ (lines SUP10.56 and SUP10.59) have inappropriate units. To maintain the integrity of the Ofwat table suite we have completed the tables as per the units within the tables. However, to aid understanding we have reproduced SUP10 in Figure 1 below using what we believe to be more representative units.

**Figure 1: Revised SIP10 table**

United Utilities						2021-22		2022-23		2023-24		2024-25		2025-26	
Scheme 1	Total allowance, £m					Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete
Accelerating partnerships to deliver natural solutions	14,943					0	0.0%	0	0.0%	275	25.2%	1091	100.0%	0	0.0%
Component 1	Eden catchment phosphorus management - weight of phosphorus removed	1,091	kg	0	1,091	0	0.0%	0	0.0%	275	25.2%	1091	100.0%	0	0.0%
Component 2	Inval catchment phosphorus management - weight of phosphorus removed	1,819	kg	0	1,065	0	0.0%	0	0.0%	266	25.0%	1,065	100.0%	0	0.0%
Component 3	Number of farms engaged	0,723	Nr	0	300	0	0.0%	0	0.0%	0	0.0%	300	100.0%	0	0.0%
Component 4	Peatland restoration	2,253	ha	1	2,501	0.0	0.0%	0.0	0.0%	0.0	0.0%	2501.0	100.0%	0.0	0.0%
Component 5	Number of SuDS and NFM solutions installed	9,057	£m	3	9,057	0	0.0%	£0.096	1.1%	£2,056	22.7%	£9,057	100.0%	£0,000	0.0%

### 9.2 Accelerating partnerships to deliver natural solutions

#### Catchment phosphorus

- 9.2.1 In 2022/23 the Eden catchment phosphorous project has been able to progress following the completion of a consolidation exercise, aligning outputs from Cumbria Habitats investigations as well as other key requirements, to produce a comprehensive list of WwTWs within the Eden Catchment that have offsetting opportunities for Phosphorous reduction.
- 9.2.2 We have engaged the catchment host of the Eden catchment partnership, Eden Rivers Trust, who have completed a detailed ‘Farmscoper’ assessment (a catchment model which can be used to identify forecast phosphorus load contributions at both catchment scale and from individual farms and their farming activities) for these given sites, which in turn has produced a prioritised list of locations to commence individual farm assessments. These farm assessments are commencing in early 2023/24 and include landowner liaison, desktop surveys, walkover and written water management plans.
- 9.2.3 Following the completion of the assessments, the opportunities that arise will be reviewed and agreed, and appropriate solutions progressed to delivery. To manage the governance and delivery of these

<sup>2</sup> <https://www.unitedutilities.com/globalassets/documents/pdf/green-recovery-2023/download>

interventions, a project steering group will be convened in early 2023/24 comprising UUW, Eden Rivers Trust and the Environment Agency (EA) to ensure delivery of interventions to an acceptable standard. Interventions will be progressed to delivery based on unit cost rate and feasibility. We will be using the Countryside Stewardship rates to compare the prices for each intervention.

- 9.2.4 In the Irwell catchment we have worked with the Irwell Catchment Partnership, the Catchment Based Approach partnership for this Operational Catchment to continue to develop the capacity and capability of the Irwell Catchment Nutrient Management Group. The aim of this group is to coordinate catchment learning and activity focussed on nutrient management in the Irwell catchment and using expertise across a range of key partners (including representatives from UUW, the EA, Natural England (NE), Groundwork, Mersey Rivers Trust, Storm Water Shepherds and the LandApp to identify and prioritise catchment interventions for delivery in both rural and urban settings.
- 9.2.5 We have developed a partnership agreement with Groundwork Greater Manchester to fund farm advisory work in the Irwell catchment to identify, prioritise and support delivery of farm interventions. We have also established further agreements with NE Catchment Sensitive Farming (CSF) teams to support further delivery of interventions in rural catchments that have been identified through unfunded CSF routes. We are working with the LandApp to identify innovative opportunities for interventions to deliver phosphorus removal at a catchment scale across the Irwell catchment, piloting new technology and engagement methods with farming communities.
- 9.2.6 In both the Eden and Irwell catchments we have undertaken a review with projects across the business with comparable objectives, looking to develop a streamlined programme of activity for nutrient reduction, taking a holistic approach in-line with our catchment systems thinking approach. The internal consolidation, review and streamlining activity with other projects is a vital step in the project to ensure we are maximising efficiencies, driving the greatest opportunity for the project and establishing the best possible foundation to take forward as we look to develop a detailed scope. This is in-line with our plan and we are now in a position to progress to engage partners and develop a detailed scope which will ultimately drive delivery.
- 9.2.7 Table 2 below defines the expected milestones with regard to project delivery.

**Table 2: Project expected milestone**

Year	Expected milestone	Updated Milestone Date
2022/23	Develop baseline understanding of 'available' P load in catchment. This will be developed in conjunction with partners, and will look to agree appropriate systems and data sets that can be utilised to model phosphorous reductions.	Complete – 2022/23
	Prioritise focus areas to develop a suite of farm, land management and drainage improvement plans to include potential specific interventions focussed on phosphorous removal and forecast on what interventions will deliver in terms of kg/yr. phosphorous removal.	Complete – 2022/23
2023/24	Interventions detailed in drainage improvement plans, prioritised for delivery through multi agency steering group.	Improvement plans to be developed in 2023 and throughout 2023-25 delivery period
	Interventions will be verified against unit cost of phosphorous reduction and progressed to delivery once identified they are in-line with modelled expectations.	Anticipated to commence in Quarter 2 of 2023/24 and throughout 2023-25 delivery period
	Interventions delivered and outputs are evidenced and logged. Report on forecast kg removed as per developed methodology and record on UUW systems.	Anticipated to commence in Quarter 2 of 2023/24
2024/25	Continued delivery of interventions and review of benefits realisation and lessons learned on success of interventions.	Anticipated in 2024/25



### Catchment water quality management

9.2.8 As described in the main Green Recovery progress report, no specific outputs have been completed this year. However, partnership funding has been identified with individual Rivers Trusts and will include a combination of other private and public grants where the objectives align with our Green Recovery programme. Coordination of the funding and delivery of the activities will be undertaken by partner organisations. The number of farms engaged should be reported as zero unless greater than (or equal to) 80 per cent of the £723,000 partnership funding has been secured. At year end 2022/23 the partnership funding secured is less than 80 per cent and therefore the performance is reported as zero. The reason for the partnership funding being less than 80 per cent is because the projects are still in their infancy and we do not expect the 80 per cent threshold to be met until 2024 at the earliest. The partners have a plan in place to ensure that the threshold will be met over the course of the project. This is summarised in Table 3 below.

#### Lune

- The Lune contract was signed in June 2022. Since signing the contract the Trust have begun to engage with farmers and draw in matched funding. We do not expect the 80 per cent funding target, nor the 150 farmers' target, to be met before 2025.

#### Wyre

- The Wyre contract was signed in November 2022. Since signing the contract the Trust have begun to engage with farmers and draw in matched funding. We do not expect the 80 per cent funding target, nor the 150 farmers' target, to be met before 2025.

### Peatland restoration

9.2.9 This year we have undertaken preparatory work for grant funding. A combination of government Nature for Climate funding and Countryside Stewardship funding has been identified as the most suitable route of matched funding. Applications for matched funding will be made via partner organisations. As described above, some of our partners are still working to secure this grant funding, meaning there currently remains an element of uncertainty for us in this area. There are also potential risks to mitigate on the complexity of commercial agreements and supply chain, which we are actively working on to ensure this project is successfully delivered. We do not expect the 80 per cent funding target, nor the 2,501 hectares target, to be met before 2025.

**Table 3: Catchment water quality management overview**

Site	Overview
Longendale (Dovestones)	<p>At the time of making the Green Recovery Submission to Ofwat, the RSPB who are a tenant and partner at Longendale, specifically the Dovestones estate, submitted a bid to the nature for climate peatland restoration fund. The preparatory work had been completed as part of another project and all site surveys, habitat assessments and consents were in the process of being agreed with NE.</p> <p>Both funding elements were successful and have combined together to form a £1.6 million project which has received some publicity<sup>3</sup>.</p> <p>Work started on site in spring 2022 and will complete in 2024 delivering 900 hectares of restoration, which exceeds the original target of 500 hectares.</p>

<sup>3</sup> <https://www.manchestereveningnews.co.uk/news/greater-manchester-news/cash-boost-16m-ancient-peat-23635192>

Site	Overview
Barnacre Grizedale	<p>This site is on the western edge of the Forest of Bowland Area of Outstanding Natural Beauty (AONB), and the organisation is supported by Lancashire County Council. Peatland officers have been funded through the Government's Green Recovery funding, which has allowed resources to identify areas for peat restoration and work these into candidate sites for nature for climate funding. In the wider Bowland area, UUW has an existing AMP7 WINEP commitment to deliver peat restoration and these sites have been prioritised for the June 2022 funding round. The National Trust has coordinated the bid on behalf of the Great North Bog partnership (which includes the Forest of Bowland AONB and Cumbria Wildlife Trust amongst others).</p> <p>We will continue to work with partner organisations to develop plans for this area. At the time of making the Green Recovery Submission to Ofwat, it was anticipated that an area of privately owned land (Bleasdale Estate) would be targeted for peatland restoration, however through negotiations with the landowner, it became clear this year that they were not willing to go ahead with the restoration, despite agreeing to survey work and preliminary activities. This is due to a number of factors associated with the wider uncertainties in the agricultural sector. We have therefore identified the neighbouring Abbeystead Estate as the location for peatland restoration in this catchment. The land has been included in a bid for Nature for Climate funding, which will be announced in September 2023. If successful, the work will commence on site and deliver over a period of 18 months.</p>
Haweswater	<p>The Cumbria Peat Partnership are hosted by Cumbria Wildlife Trust (CWT) who have a history of delivering restoration work on other parts of the Haweswater site. A collaborative agreement was signed in May 2023. Peat restoration activity commenced ahead of this because CWT were able to draw on matched funding from Highways England and the Government's Green Recovery fund in advance of the allowance from UUW. Partners are acting at risk to ensure that the 2025 delivery date is met.</p>
Winter Hill	<p>At the time of making the Green Recovery Submission to Ofwat, Moors for the Future (the peat partnership covering the South Pennines area) expressed an interest as the delivery partner and agreed to include the area in their 2022 bid for Nature for Climate matched funding. However, they were unable to include the site due to unforeseen resource constraints and therefore we have spent the last year in discussions with other potential partner organisations. We have explored opportunities with the Woodland Trust (who own and manage the neighbouring estate), Lancashire Peat Partnership (part of Lancashire Wildlife Trust), and Stewardship options available through NE. At the time of writing this report it is anticipated that peat restoration across half of the area (Darwin Moor) will be funded through a Nature for Climate grant and the remaining area will be funded through Countryside Stewardship. We are working with NE and contractors to develop a scope of works for contractors to undertake this coming winter.</p>
Goyt Valley	<p>We have partnered with the National Trust to apply for Nature for Climate funding to restore peatland on the National Trust estate that covers the Kinder reservoir catchment. We have partnered with Moors for the Future to apply for Nature for Climate funding to restore peatland on the UUW estate in the Goyt Valley. We will learn if both bids have been successful in September 2023.</p>

### Sustainable drainage and natural flood management

9.2.10 2021/22 was spent investigating further the potential costs and benefits of different means of delivering these schemes to inform future targeting of investment.

9.2.11 This work has included:

#### Capabilities

- Developing our landscape framework, bringing on new suppliers builds further capability for the design and build of blue green infrastructure. We have learnt from previous projects, such as our Sustainable urban Drainage Solutions (SuDS) for Schools project, to ensure a diverse skill set including landscape architecture and drainage engineers are available to competitively tender for regional projects. A further six companies have been added to the framework for this year, to support our ambitions through Green Recovery.

#### Data

- Outputs of new data that show us what types of SuDS are best to install where, in addition to supporting methodologies that add process to how the information can be extracted easily has been completed. This data helps support decision making and is an essential process that enables co-design of solution blends and styles. We aim to further develop and share this data with partners to enable the development of holistic and adaptive strategies that will support future Price Reviews.

#### Framework

- We have secured Project Engineering Manager resources to manage this programme of work.

- 9.2.12 In 2022/23 our focus was approving and supplementing finance to several partnership organisations. We are working with partners to plan and develop SuDS and nature based storage solutions that benefit local communities and partnerships. Working in collaboration with external 3rd parties has enabled us to share knowledge outside of our organisation and learn from others how they are approaching SuDS schemes in their local areas. These types of schemes have driven benefits for our mutual customers whilst sharing the cost to deliver, providing efficiencies across the collaboration. As this approach starts to deliver tangible results we move to taking that understanding and focussing on our own internal data to identify opportunities for SuDS across Eden, Fylde and Irwell.
- 9.2.13 In addition to supporting projects being delivered by third parties, we have also worked with our local operational teams to understand where there is the potential to deliver SuDS and Natural Flood Management (NFM) projects in relevant catchments. This approach enables us to further understand how best to identify SuDS opportunities, and in the future will provide valuable information into what makes these types of scheme successful.
- 9.2.14 In 2023/24 we will focus on delivery, following the progress that has been made on financing partnership schemes. This means that we will be starting to deliver schemes via both external collaborative partnership approaches and our own internal process, as described above. This will inform our strategies on the most efficient route to delivering further opportunities under the WINEP and Drainage Water Management Plan.

### Summary

- 9.2.15 In Ofwat table SUP10, a forecast of our delivery outputs are shown. Delivery outputs are only reported when all underlying activities are complete. This is fully in-line with our plan. A copy of this table is detailed in Table 4 below.

**Table 4: SUP10 sub-set**

Name	Unit	2021/22		2022/23		2023/24		2024/25		2025/26	
		Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete
Eden catchment phosphorus	Kg	0	0%	0	0%	275	25%	1,091	100%	-	-
Irwell catchment phosphorus	%	0%	0%	0%	0%	25%	25%	100%	100%	-	-
Number of farms engaged	Nr	0	0%	0	0%	0	0%	300	100%	-	-
Peatland restoration	Ha	0	0%	0	0%	0	0%	2,501	100%	-	-
Number of SuDS and NFM solutions installed	%	0%	0%	1%	1%	23%	23%	100%	100%	-	-

### AMP8 WINEP investments at Bury

- 9.2.16 As described in the overview section of our main Green Recovery progress report document, we were originally committed to the delivery of the two elements of this scheme by the regulatory dates (31 March 2028 for Bury Storm Tanks and 31 August 2027 for Nuttall Hall Road CSO). Through Green Recovery, we now aim to complete these schemes by 2025/26.
- 9.2.17 In Ofwat table SUP10, a forecast of our delivery outputs are shown. Delivery outputs are only reported when all underlying activities are complete. This is fully in-line with our plan. A copy of this table is detailed in Table 5 below.

**Table 5: SUP10 sub-set**

Name	Unit	2021/22		2022/23		2023/24		2024/25		2025/26	
		Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete
Network storage installed at Nuttall road	%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%
Additional storm tank capacity installed at Bury WwTW	%	0	0%	0	0%	0	0%	0%	0%	100%	100%

### Tackling storm overflows

9.2.18 The future milestones of the Storm Overflows Assessment Framework (SOAF) activities are detailed in Table 6 below.

**Table 6: Future milestones of SOAF activities**

Milestone number	Milestone	Updated Milestone Date
1	Identification and shared sites in MSF template for 150 full SOAF investigations (Batch 2)	Complete – 2022/23
2	Environmental Impact Surveys complete for Batch 1 (150 sites)	Complete – 2022/23
3	Environmental Impact Surveys begin for Batch 2 (150 sites)	Complete – 2022/23
4	Completion of 287 Stage 1 only investigations	September 2023
5	Environmental Impact Surveys complete for Batch 2 (150 sites)	November 2023
6	Full Investigations Complete for Batch 1	March 2024
7	Full Investigations Complete for sites Batch 2	March 2025

9.2.19 For the integrated catchment models we have taken the pragmatic decision to phase the work across the 3 catchments to ensure that we have the appropriate laboratory capacity and sampling availability to successfully delivery all the elements of the work required the end of AMP. The project milestones have therefore been amended to reflect this change.

9.2.20 In Ofwat table SUP10, a forecast of our delivery outputs are shown. Delivery outputs are only reported when all underlying activities are complete. This is fully in-line with our plan. A copy of this is detailed below in Table 7 below.

**Table 7: SUP10 sub-set**

Name	Unit	2021/22		2022/23		2023/24		2024/25	
		Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete	Component level to date	Percentage complete
SOAF investigations	%	0%	0%	0%	0%	58%	58%	100%	100%
Integrated catchment models - Sankey Brook and Wiza Beck	Number	0	0%	0	0%	0	0%	2	100%
Integrated catchment models - Upper Derwent	Number	0	0%	0	0%	0	0%	1	100%

## 10. SUP11 – Real price effects and frontier shift

### 10.1 Whole table

10.1.1 SUP11.1 - 78

10.1.2 We have not excluded any costs in our assessment of real price effects (RPE) and frontier shift.

10.1.3 We have not proposed an RPE adjustment as part of our business plan submission. Please see 'UUW46 – Cost Assessment Proposal' for more details.

10.1.4 Our real price effect forecast have been calculated using a combination of internal and external forecasts. Our internal forecasts are based on our company business plan and have been used to estimate all real price effects in 2023/24. For future years we have received external guidance on future real price effects from SmartCube. For power our RPE forecast is based on a combination of internal forecasts which include the impact of existing hedging arrangements and external forecasts produced by Cornwall. Real price effect is detailed in Table 8 below.

10.1.5 We have assumed the real price effect forecast are the same for both the wholesale and retail price controls.

**Table 8: Real price effects**

Real price effect	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Labour	7.5%	2.8%	4.0%	2.3%	3.7%	1.9%	3.0%
Energy	15.8%	-8.8%	22.9%	-1.0%	-4.2%	0.5%	0.6%
Chemicals	4.7%	-4.4%	-1.0%	0.8%	2.8%	2.7%	2.9%
Materials	4.4%	1.0%	3.0%	-0.5%	3.3%	0.1%	2.7%
Other	5.74%	2.81%	2.03%	2.13%	2.19%	2.05%	1.99%

#### Weighting assumptions

10.1.6 Base cost weightings have been calculated by allocating all base costs within the AMP8 programme to one of the five RPE categories. Enhancement cost weightings have been calculated by our internal Estimating team, who have reviewed the cost makeup of existing AMP7 projects to calculate the weightings for each RPE category.

#### Frontier shift

10.1.7 We have commissioned Economic Insight to estimate an appropriate range for the frontier shift efficiency challenge. We consider Economic Insight's approach to be sensible and pragmatic, with any differences to Ofwat's PR19 approach well-justified. As such, we consider that it is entirely appropriate to base our frontier shift challenge upon its analysis. Its analysis estimated a frontier shift of between 0.3% and 0.8% for wholesale and between 0.3% and 0.6% for retail so we have assumed the mid points of 0.55% and 0.45% respectively. For the Retail price control we have assumed the additional impact of CPIH inflation, as stated in the table, on the basis that Retail is a nominal price control and does not receive an inflationary uplift to the allowance.

# 11. SUP12 – Major projects and Direct Procurement for Customers (DPC)

## 11.1 Whole table

### SUP12.1 - 14

- 11.1.1 Below is brief description of each of the projects and an indicative timetable for the start of construction and operations. Further information can be found about each project including the company's assessment of delivery via DPC in supplementary document *UUW53 – Candidate DPC Projects*.

#### Manchester Ship Canal BOD Programme

- 11.1.2 Investment across three WwTW sites: Salford WwTW BOD; Stockport WwTW BOD; and Sale WwTW BOD. These projects have been bundled due to their close geographical proximity, similar construction profiles and similar regulatory drivers. The scheme aim is to achieve an improved BOD performance across all three sites, improving the quality of the final effluent discharging directly, or in Sale and Stockport's case indirectly, into the Manchester Ship Canal.
- 11.1.3 This project has been identified as suitable for DPC.
- 11.1.4 In our plan we have developed both a baseline programme starting as early as possible (conditional on Ofwat and EA agreement) and a stretch programme to use as a target to outperform the baseline and maximise the probability of early delivery. The data in table SUP12 represent our stretch programme, in which DPC contract award is expected to be achieved in 2027. Under this programme construction is expected to begin in 2027 and run until 2033. In our baseline programme DPC contract award is expected to be achieved in 2028 with construction beginning in 2028 and running until 2034.

#### Eccles WwTW - NH4

- 11.1.5 This scheme is an investment at an existing WwTW to achieve EA requirements on BOD and ammonia in final effluent. This site also needs to reduce BOD in the storm tank effluent. It includes significant new assets, asset refurbishment and subsequent maintenance. In addition, existing assets must be decommissioned to make way for the new plant.
- 11.1.6 Construction is expected to begin in 2027 and run until 2030.

#### Davyhulme WwTW - Phase 2, 3 + 4

- 11.1.7 This scheme aims to meet the needs of the AMP8 WINEP for new or enhanced wastewater treatment works final effluent requirements at Davyhulme WwTW. This is driven by The Water Environment (Water Framework Directive) Regulations 2017 statutory driver and will enable *UUW* to meet more onerous Environmental Permit requirements for final effluent Biological Oxygen Demand (BOD).
- 11.1.8 Construction is expected to begin in 2027 and run until 2030.
- 11.1.9 Davyhulme WwTW - P
- 11.1.10 The construction and commissioning of a phosphorus recovery plant with potential removal capabilities of up to 1000 kg/d - this provides a process that breaks the cycle of phosphorus re-introduction, supporting increased sludge imports and the Bioresources adaptive plan. In addition, an AMP8 liquor treatment plant will be introduced working alongside the P recovery process to maintain performance of existing secondary treatment processes through improved ammonia management
- 11.1.11 Construction is expected to begin in 2024 and run until 2031.
- 11.1.12 In terms of business plan references, all projects covered within the supplementary document *UUW53 – Candidate DPC Projects* covered by Section 4.8
- 11.1.13 Whole life totex has been calculated as the sum of total capex, plus the annual opex over spread over duration of the DPC agreement.

11.1.14 Table 9 below details a breakdown of the AMP8 project development costs.

**Table 9: Breakdown of development costs**

Cost type	Breakdown of development costs (£m)			
	Manchester ship canal BOD programme	Eccles WwTW – NH4	Davyhulme WwTW – Phase 2, 3 + 4	Davyhulme WwTW – P
Engineering resources	4.4	3.7	14.1	1.6
Other resources	1.8	2.8	10.8	1.2
Surveys	2.0	1.7	6.5	0.7
Other	0.2	0.2	0.8	0.1
Land purchase	0.0	0.0	0.0	0.2
<b>Total</b>	<b>8.5</b>	<b>8.4</b>	<b>32.2</b>	<b>3.8</b>

11.1.15 Table 10 below shows the development cost by year

**Table 10: Breakdown of development cost by year**

Project name	Total AMP8 Project development costs (£m)							Total AMP9 Project development costs (£m)					Total	
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35		
Manchester Ship Canal BOD Programme	5.7	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>8.5</b>
Eccles WwTW - NH4	5.6	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>8.4</b>
Davyhulme Phase 2, 3 + 4	0.0	0.0	12.9	12.9	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>32.2</b>
Davyhulme WwTW - P	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>3.8</b>

11.1.16 We have assumed that any transitional investment relating to development costs should be captured within 2025/26 in table SUP12 in the absence of 2023/24 and 2024/25.

11.1.17 Table 11 below shows the total construction costs by asset type.

**Table 11: Breakdown of construction by asset type**

Project name	Breakdown of construction costs by asset type (£m)									Total
	Civil	Mechanical and electrical	Instrumentation and control automations	Software	Hardware	Land	Infrastructure	IRE		
Manchester Ship Canal BOD Programme	147.1	1.1	49.7	5.6	15.0	0.0	6.2	0.0	<b>224.6</b>	
Eccles WwTW - NH4	74.6	0.0	42.9	4.5	0.3	0.0	51.3	0.0	<b>173.7</b>	
Davyhulme Phase 2, 3 + 4	338.8	2.2	224.7	14.3	27.3	0.0	56.0	0.0	<b>663.3</b>	
Davyhulme WwTW - P	31.7	0.2	27.2	1.2	15.7	0.0	0.0	0.0	<b>76.0</b>	
<b>Total</b>	<b>592.1</b>	<b>3.4</b>	<b>344.5</b>	<b>25.6</b>	<b>58.3</b>	<b>0.0</b>	<b>113.6</b>	<b>0.0</b>	<b>1137.6</b>	



11.1.18 Annual opex values are calculated from a mixture of fully engineered estimates and subject matter expert forecasts.

11.1.19 Table 12 below summarises the main assets included in the project and their key characteristics. This is not an exhaustive list of all assets per project but summarises the ten high value assets for each project.

**Table 12: Main assets included in the projects**

Manchester Ship Canal BOD Programme			Eccles WwTW - NH4			Davyhulme Phase 2, 3 + 4			Davyhulme WwTW - P		
Asset type	Quantity	Unit	Asset type	Quantity	Unit	Asset type	Quantity	Unit	Asset type	Quantity	Unit
Final Settlement Tanks (Conventional AS)	10463.5	m2	Aeration Tank (F.B.D.A)	17926.7	m3	Nereda (BUE)	114000	Item	Wet Chemical Scrubbing System	142000	Item
Aeration Tank (F.B.D.A)	36052.2	m3	Aeration Tank (F.B.D.A)	17296.7	m3	Secant Piling Shaft Construction	23560	m3	Aeration Tank (F.B.D.A)	2635	m3
Bored and Driven Pile Foundations	22797.2	m2	Final Settlement Tanks (Conventional AS)	3583.8	m2	Bored and Driven Pile Foundations	26422.2	m2	Aeration Tank (F.B.D.A)	2635	m3
Contam Dis-Haz Waste Soil- No pretreat	3706.4	m3	Final Settlement Tanks (Conventional AS)	2389.2	m2	Contam Dis-Non-haz Waste to Landill	33299.5	m3	Wet Chemical Scrubbing System	44000	Item
De-Watering Specialist Well Pointing	23	Item	Bored and Driven Pile Foundations	8271	m2	Aeration Tank (F.B.D.A)	163532	Item	Lamella Separators (Steel)	8.75	MI/d
Electrical Supply (REC)	1500000	Item	Bored and Driven Pile Foundations	7014	m2	Concrete Sludge/Ww Storm Tks(WO Mixing)	31440	m3	Dry Chemical Scrubbing System	142000	Item
Submersible Pumping Stations	750	KW	Perm Internal Site Rd-Tarmac /Concrete	6698.2	m2	Contam Dis-Non-haz Waste to Landill	10039.9	m3	Bored and Driven Pile Foundations	1310.45	m2
Primary Settlement Tanks Rectangular	1300000	Item	Submersible Pumping Stations	900	KW	Contam Dis-Haz Waste Soil- No pretreat	4757.07	m3	Process Building-Steel Frame/Metal Clad	458.16	m2
Perm Internal Site Rd-Tarmac /Concrete	4500	m2	Submersible Pumping Stations	450	KW	Concrete Sludge/Ww Storm Tks(WO Mixing)	11500	m3	Tank Covers	1728	m2
Comb-Bio-Filter & Dry Media Scrub	2046.02	m3/h	Perm Internal Site Rd-Tarmac /Concrete	5153	m2	Concrete Sludge/Ww Storm Tks(WO Mixing)	11500	m3	Final Settlement Tanks (Conventional AS)	101	m2

11.1.20 Table 13 below shows the total DPC related costs. This table shows the total DPC related costs across the full DPC duration and is therefore greater in values than those shown in the SUP12 table.

**Table 13: Total DPC related costs**

Project name	Cost category	Total AMP7 DPC related costs (£m)	Total AMP8 DPC related costs (£m)	Total AMP9 DPC related costs (£m)
Manchester Ship Canal BOD Programme	Commercial stage 3	0.5	0.0	0.0
	Legal up to stage 3	1.8	0.0	0.0
	Finance up to stage 3	1.5	0.0	0.0
	Central programme up to stage 3	0.9	0.0	0.0
	<b>DPC procurement costs up to stage 3</b>	<b>4.7</b>	<b>0.0</b>	<b>0.0</b>
	Commercial stage 4	0.0	2.0	0.0
	Legal up to stage 4	0.0	5.0	0.0
	Finance up to stage 4	0.0	1.3	0.0
	Central programme up to stage 4	0.0	2.6	0.0
	<b>DPC procurement costs up to stage 4</b>	<b>0.0</b>	<b>10.9</b>	<b>0.0</b>
	<b>CAP management costs</b>	<b>0.0</b>	<b>3.3</b>	<b>2.5</b>
	<b>Total DPC costs</b>	<b>4.7</b>	<b>14.2</b>	<b>2.5</b>

## 12. SUP13 – Havant Thicket (Portsmouth Water only)

### 12.1 Whole Table

#### SUP13.1 - 7

12.1.1 This table is not required to be populated by *UUW*.

## 13. SUP14 – Customer engagement and affordability of business plans

### 13.1 Whole Table

#### General

- 13.1.1 The number of customers engaged in the business plan has been calculated based on the Ofwat guidance stating that companies should only include engagement/research that *UUW* has conducted, commissioned or directly paid for with *UUW* customers. Our research projects have followed the high quality research principles outlined in the 'PR24 and beyond: Customer engagement policy – a position paper'. This has been independently assured by Turner & Townsend.
- 13.1.2 Full details of the research are included in the supplementary *UUW21 - Customer Research Methodology*, which outlines how the research follows the guidance and is high quality, as outlined in the 'PR24 and beyond: Customer engagement policy – a position paper'.

### 13.2 Customer engagement

#### SUP14.1 Number of household customers engaged with on the business plan

- 13.2.1 Number of household customers engaged with on the PR24 business plan from January 2020 up to September 2023.

#### SUP14.2 Number of non-household customers engaged with on the business plan

- 13.2.2 Number of non-household customers engaged with on the PR24 business plan from January 2020 up to September 2023.

### 13.3 Affordability and Acceptability for customers

#### SUP14.8 - 12

- 13.3.1 *UUW* have not completed these lines, as per the Ofwat/CCW acceptability and affordability guidance, which states exclusions can be applied to water only or wastewater only customers if they make up less than 10% of the household customer base. For *UUW* water only or wastewater only customers were excluded from the research as they make up less than 4% of the customer base.

#### SUP 14.13 - 17

- 13.3.2 Provides a summary of the key results from the affordability and acceptability testing of company business plans with customers.
- 13.3.3 The results have been populated from findings from the quantitative phase of customer research, based on the most recent version of guidance issued by Ofwat and CCW, 'Guidance for water companies: testing customers' views of the acceptability and affordability of PR24 plans' (referred to subsequently as A&A Guidance). References to questions are from 'Appendix F: Survey questionnaire' of this A&A Guidance.
- 13.3.4 All testing has been conducted in accordance with the full methodology as per the Acceptability and Affordability Ofwat/CCW guidance. This has been independently assured by Turner & Townsend.
- 13.3.5 Further details about our methodology can be found in supplementary document: *UUW21 - Customer Research Methodology*.
- 13.3.6 The findings are also representative of the whole geographical coverage. The survey is regionally representative of the *UUW* customer base and represent the scores for whole water and wastewater plan. Water only or wastewater only customers were excluded from the research as they make up less than 4% of the *UUW* customer base, this is supported by the Ofwat/CCW Acceptability and Affordability guidance.

**14.13 Customers who have struggled to pay at least one of their household or non-household bills**

13.3.7 The number and percentage of customers who have struggled to pay at least one of their household or non-household bills from the acceptability and affordability testing research. This is repeated for line SUP14.28.

**14.14 Customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30**

13.3.8 Affordability for customers: the number and percentage of customers expecting to find it difficult to afford to pay their proposed water and sewerage bill for the years 2025-30 from the acceptability and affordability testing research. This is repeated for line SUP14.29.

**14.15 Customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30**

13.3.9 Affordability for customers: the number and percentage of customers expecting to find it easy to afford to pay their proposed water and sewerage bill for the years 2025-30 from the acceptability and affordability testing research. This is repeated for line SUP14.30.

**14.16 Customers responding that the proposed business plan is unacceptable**

13.3.10 Acceptability for customers: the number and percentage of customers responding that the proposed business plan is unacceptable from the acceptability and affordability testing research. This is repeated for line SUP14.31.

**14.17 Customers responding that the proposed business plan is acceptable**

13.3.11 Acceptability for customers: the number and percentage of customers responding that the proposed business plan is acceptable from the acceptability and affordability testing research. This is repeated for line SUP14.32.

**SUP14.18 - 22**

13.3.12 These lines do not need to be completed as we are testing both water and wastewater business plans, not wastewater bill and wastewater only business plan.

13.3.13 SUP14.23 - 27

13.3.14 These lines do not need to be completed as per the Ofwat/CCW acceptability and affordability guidance, which states exclusions can be applied to water only or wastewater only customers if they make up less than 10% of the household customer base. For UUW water only or wastewater only customers were excluded from the research as they make up less than 4% of the customer base.

**SUP14.28 - 32**

13.3.15 These lines are a repeat of SUP14.13-17, all customers weighted.

## 14. SUP15 – Affordability support measures – residential customers

### 14.1 A1. Social tariffs and WaterSure - residential customers - Number of residential customers

#### SUP15.1 Number of customers on social tariffs

14.1.1 Number of customers on social tariffs grows up until 2022/23 in-line with actual customer movements. All forecast years incorporate growth to the social tariffs in-line with the forecast social tariff discount growth further down in this table.

#### SUP15.2 Number of customers on WaterSure tariffs

14.1.2 Number of customers on WaterSure tariffs grows up until 2023/24 and then is held at this position as we will continue to support this level of customers into the future.

#### SUP15.3 Number of customers not on social tariffs

14.1.3 Minimal future year movements reflecting total customer number growth in-line with other data tables.

### 14.2 A1. Social tariffs and WaterSure - residential customers - Social tariff discount

#### SUP15.4 Total amount of money provided by customers and company to fund social tariffs discounts

14.2.1 This is an auto-populated line.

#### SUP15.5 Average social tariff discount

14.2.2 This is an auto-populated line.

### 14.3 A1. Social tariffs and WaterSure - residential customers - WaterSure tariff discount

#### SUP15.6 Total reduction in bills for WaterSure customers

14.3.1 Total reduction in bills for WaterSure customers increases over AMP9 due to the discount growing for each customer on the scheme due to rising bills.

#### SUP15.7 Average WaterSure tariff discount

14.3.2 This is an auto-populated line.

### 14.4 A1. Social tariffs and WaterSure - residential customers - Social tariff cross-subsidy - residential customers

#### SUP15.8 Total amount of money collected from all customers in charges to fund social tariffs discounts

14.4.1 This line shows an initial large increase at the start of AMP8 but then plateaus from 2026-27 onwards. This reflects the forecast that typical bills will increase at a greater rate than social tariffs at the start of the AMP; however from 2027 social tariffs are actually forecast to increase by more than typical bills (on average).

#### SUP15.9 Average cross-subsidy from customers

14.4.2 This is an auto-populated line.

## 14.5 A1. Social tariffs and WaterSure - residential customers - Social tariff and WaterSure tariff cross-subsidy – company

### SUP15.10 Total revenue forgone by company to subsidise social tariffs

14.5.1 The trend moves in-line with SUP15.8 reflecting the revenue sacrifice value.

## 14.6 A1. Social tariffs and WaterSure - residential customers - Social tariff support - willingness to pay

### SUP15.11 Level of support for social tariff customers reflected in charges

14.6.1 Level of support for social tariff customers reflected in charges is in-line with customer preferences revealed through regional customer research. Increases in annual customer support are aligned to increase in inflation and average bills. The level of support remains consistent across both dual and single service customers as more than 95% of UUW customer base is dual service and, as a result, customer testing is only statistically significant for dual service customers.

### SUP15.12 Maximum contribution to social tariffs supported by customer engagement

14.6.2 As above.

## 14.7 A2. Vulnerability - Priority services for customers in vulnerable circumstances – PSR

### SUP15.13 PSR reach

14.7.1 In 2021/22, the water industry legal basis changed from consent to substantial public interest which saw a larger than usual increase in PSR reach. This combined with extensive targeted campaigns in the vulnerability sector, data sharing with district network operators and incident support have all resulted in spikes in PSR reach actuals in AMP7. Due to this work being ongoing and along with the staggered automatic upload of customers onto the register who are above pensionable age, PSR reach is expected to follow a similar trend to the end of AMP7. AMP8 then sees a more steady growth of 1% year on year in-line with historical typical regional growth and continued data sharing. 1 in 4 people are classed as disabled (source Warrington Disability Partnership) and our stretch target falls in-line with 1 in 5 people, becoming our AMP8 target of 20%.

### SUP15.14 Customers receiving services through the SAR/PSR: (a) support with communication

14.7.2 PSR customers receiving support with Communication - (Braille, Coloured Paper, Large print and Talking bills) – numbers are in-line with steady growth of the PSR.

### SUP15.15 Customers receiving services through the SAR/PSR: (b) support with mobility and access restrictions

14.7.3 PSR customers receiving support with Mobility and Access Restrictions - (Quarterly meter reads, plus customers registered as Unable to answer door / restricted movement) - numbers are in-line with previous steady growth of PSR reach (SUP15.13).

### SUP15.16 Customers receiving services through the SAR/PSR: (c) support with supply interruption

14.7.4 PSR customers receiving support with support with Supply Interruptions - (All PSR customers receive a service of a bottled water delivery and notification of interruption to water services) – numbers relate to all customers registered for priority services

### SUP15.17 Customers receiving services through the SAR/PSR: (d) support with security

14.7.5 PSR customers receiving support with Security - (PSR customers with a password) - numbers are in-line with steady growth of PSR reach (SUP15.13).

**SUP15.18 Customers receiving services through the SAR/PSR: (e) support with 'other needs'**

- 14.7.6 PSR customers receiving support with Other Needs - (Help from our dedicated PSR agents with basic skills for paying household bills. Young householders (coming from the care sector) - numbers are in-line with steady growth of PSR reach (SUP15.13).

**SUP15.19 Attempted contacts**

- 14.7.7 In-line with current AMP7 target of 90% attempted contacts. We plan to review this activity area as new regulatory guidance emerges.

**SUP15.20 Actual contacts**

- 14.7.8 In-line with current AMP7 target of 35% actual contacts. We plan to review this activity area as new regulatory guidance emerges.

**14.8 B1. Income deprivation - Proportion and number of households that are income-deprived (income score of IMD) - to be supplied by Ofwat****SUP15.21 IMD score (proportion of income deprived households)**

- 14.8.1 Reported values align to line definition within the table guidance.

**SUP15.22 Number of income deprived households**

- 14.8.2 This is an auto-populated line.

**14.9 B2. Innovative charges - Number of residential households on innovative charges to support affordability and average bill reductions****SUP15.23 Number of income-deprived households on innovative charges**

- 14.9.1 AMP7 figures are as a result of 'Lowest Bill Guarantee' which sees customers switch to a water meter. AMP8 sees an uplift in customers qualifying for 'Lowest Bill Guarantee' as a result of an increase in new meter fitting rates in AMP8.

**SUP15.24 Number of non-income-deprived households on innovative charges**

- 14.9.2 This line reports the unique volume of non-income deprived customers benefiting from our 'Lowest Bill Guarantee' scheme which provides a price promise to customers who switch to a water meter. AMP8 forecasts reflect a planned increase in meter installations.

**SUP15.25 Average net bill reduction for income-deprived households as a result of innovative charges**

- 14.9.3 This line reports the average net bill reduction for income-deprived customers where savings are calculated as the difference between the Unmeasured charges and the Measured charges billed under the under the 'Lowest Bill Guarantee Scheme'. We are assuming no material changes to our charging structures when calculating future year bill reductions.

**SUP15.26 Total bill reduction for income-deprived households as a result of innovative charges**

- 14.9.4 This is an auto-populated line.

**14.10 B3. Targeted demand side support - Water efficiency advice**

- 14.10.1 SUP15.27 Number of income-deprived households provided with water efficiency support measures
- 14.10.2 This line reports the unique volume of income deprived customers who have been provided with one off water efficiency support initiatives.
- 14.10.3 AMP8 forecast volumes reflect a significant increase in activity targeting customers across a wider range of customer groups. This plan targets low-income, high consuming customers who possibly have a leak.



14.10.4 This is in-line with additional activity required by *UUW*' revised WRMP and aligned to the associated PR24 water efficiency enhancement claim.

#### **SUP15.28 Average net bill reduction from water efficiency support measures provided to income-deprived households**

14.10.5 This line reports the average net bill reduction from the water efficiency support initiatives provided in-line SUP15.27.

14.10.6 AMP8 forecasted values are using an anticipated 20% net bill reduction, being applied to the forecast average AMP8 measured bills year on year. The 20% net bill reduction being applied reflects the increase in activity projected across a wider range of customer groups.

### **14.11 B3. Targeted demand side support - Provision of meter**

#### **SUP15.29 Number of income-deprived households moved from unmeasured to measured billing**

14.11.1 This line reports the unique volume of income deprived customers who have been moved from unmeasured to measured billing. 2020 to 2022 volumes are Free Meter Option accounts, whereas 2023-2025 include Free Meter Option accounts and Enhanced Meter accounts

#### **SUP15.30 Average net bill reduction from meter provision to income-deprived households**

14.11.2 This line reports the average net bill reduction for customers who have been moved from unmeasured to measured billing in-line SUP15.29. Bill reduction is achieved by customers paying for the water they use, rather than their rateable value. As above (SUP15.29) the savings for 2020 to 2022 accounts are Free Meter Option accounts, whereas 2023-2025 include Free Meter Option accounts and Enhanced Meter accounts.

14.11.3 AMP8 forecast values are based on the average actual savings made in years 2021 to 2023 being uplifted to account for the future average AMP8 unmeasured bills.

### **14.12 B3. Targeted demand side support - Total benefit for income-deprived households from targeted demand side support**

#### **SUP15.31 Total bill reduction for income-deprived households as a result of targeted demand side support**

14.12.1 This is an auto-populated line.

14.12.2 We will give advice to ~500m customers but this doesn't mean they will all see a £100 saving.

### **14.13 B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Affordability support from financial hardship funds**

#### **SUP15.32 Number of customers provided with affordability support from financial hardship funds**

14.13.1 This line reports the unique volume of customers who have received a grant towards their water bill from the *UUW* Trust Fund. The forecasted volume of customers supported in AMP8 will be maintained at levels comparable with AMP7, we offer customers an extensive range of ways to lower their bills if they are struggling to pay. Providing financial support at the earliest point in which a customer begins struggling to pay avoids them falling into debt. The new Emergency Support Fund that will provide financial support grants to cover payments for repair work as a result of sewer flooding damage to customer properties are excluded from this line.

**SUP15.33 Average affordability support payment**

- 14.13.2 This line reports the average value of financial grants awarded to customers from the *UUW* Trust Fund towards payment of their water bill.

## **14.14 B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Charges written off during application period for Universal Credit**

**SUP15.34 Number of customers whose charges are written off**

- 14.14.1 This line is reported as zero as we don't currently write off charges for customers applying for Universal Credit.
- 14.14.2 We support customers experiencing a reduced income whilst transitioning to UC via a payment break, this is a CCW acceptable alternative to writing off charges and complies with Fair Pay guidelines as it provides customers with breathing space in their payment plan whilst they await their first UC payment.

**SUP15.35 Average amount of charges written off during application period for Universal Credit**

- 14.14.3 This line is reported as zero as we don't currently write off charges for customers applying for Universal Credit.

## **14.15 B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Debt support through matched payment schemes to clear debt arrears**

**SUP15.36 Number of customers supported through matched payment schemes**

- 14.15.1 This line reports the unique volume of customers who have received support with their arrears clearance via our Payment Matching scheme. The forecasted volume of customer supported in AMP8 will be maintained at levels comparable with AMP7, we offer customers an extensive range of ways to lower their bills if they are struggling to pay. Providing financial support at the earliest point at a customer starts to struggle to pay avoids them falling into debt.

**SUP15.37 Average amount of matched payments**

- 14.15.2 This line reports the average amount of matched payments.

## **14.16 B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Other measures to support customers struggling to pay water bills to reduce their bills**

**SUP15.38 Number of customers supported through other measures**

- 14.16.1 This line has been reported as zero as all of our affordability support measures that reduce bills for customers have been reported on other lines.

**SUP15.39 Average net bill reduction through other support measures**

- 14.16.2 This line has been reported as zero as there are no additional support measures that reduce customers' bills to report.

## **14.17 B4. Other affordability support measures that reduce bills for customers struggling to pay their bills - Total benefit for customers struggling to pay their bills from other affordability support measures**

**SUP15.40 Total bill reduction for customers struggling to pay as a result of other affordability support measures**

14.17.1 This is an auto-populated line.

## **14.18 B5. Other measures that assist customers struggling to pay their bills without reducing their bills**

**SUP15.41 Number of customers assisted with advice on income maximisation and managing debts**

14.18.1 This line reports all communications with customers designed to provide holistic advice in relation to income maximisation and managing debts. Communications include data led targeted early intervention campaigns, direct customer messages by agents and promotional messaging on our collection letters. Forecasted volume has increased marginally to reflect new customers struggling to pay and will be mitigated by the extensive levels of financial support we can provide when customers start to experience payment difficulties, avoiding them falling into debt. If customers have received separate communications that promote income maximisation and debt advice then the volume reported will reflect these multiple communications.

**SUP15.42 Number of customers granted payment breaks / deferrals**

14.18.2 This line reports the volume of customers who have benefited from a payment break, this scheme was particularly effective in helping customers manage their bill payments throughout the COVID-19 pandemic. Whilst annual volumes are relatively low it is an effective method of providing customers with breathing space following a change in circumstances avoiding them falling into debt.

**SUP15.43 Number of customers struggling to pay their bills assisted through other measures that do not reduce their bills**

14.18.3 This line reports the volume of customers whose payments have been made by the Department for Works and Pensions (DWP) via direct deductions from the customer's benefits. Direct deductions help customers who are unable to budget and have failed to maintain payment arrangements with their water company, avoiding falling further into debt.

## **14.19 B6. Total benefit of affordability support measures for customers struggling to pay their bills - Financial support provided from all affordability measures**

**SUP15.44 Total net bill reductions for customers struggling to pay**

14.19.1 This is an auto-populated line.

**SUP15.45 Average household bill**

14.19.2 Values as reported in table RR14 for 2023/24 onwards for average dual household bill. With water and wastewater only customers representing approximately 5% of our total customer base, to calculate their respective bill we have taken the average household bill for a dual service customer and allocated this between water and wastewater appropriately.

**SUP15.46-47 Average net bill reduction per income-deprived household & Net reduction (%) in average bill per income-deprived household**

14.19.3 These are auto-populated lines.

## 14.20 B6. Total benefit of affordability support measures for customers struggling to pay their bills - Impact on customers in water poverty

### SUP15.48 and SUP15.49 Number of households below the water affordability threshold before/after affordability support measures

- 14.20.1 Between 2019/20 and 2022/23 water bills have fallen markedly in real terms, reflecting the outcome of the PR19 process. These real terms falls have acted to reduce levels of water poverty in the North West, despite widespread economic challenges which have reduced real terms household incomes over the same time frame.
- 14.20.2 Building on the latest water poverty assessments developed by Frontier Economics on behalf of Defra we have projected how levels of water poverty in the UUW region are impacted by expected changes in water charges and household incomes. This work uses the definition of water poverty set out by Frontier Economics, specifically defining a household as being in water poverty when water charges exceed 5% of household income, after housing costs.
- 14.20.3 We project that growth in water charges in AMP8 will result in an increase in levels of water poverty if UUW does not take action to provide customers with financial support. However through UUW's proposed financial support plan we forecast that levels of water poverty will be reduced, and can be brought down to levels seen today, and below those experienced in 2020/21.
- 14.20.4 Please note projections of water poverty are sensitive to real household income.

## 14.21 B7. Total funding of affordability support measures for customers struggling to pay their bills - Funding provided by charitable trusts and other third parties to reduce bills for customers struggling to pay

### SUP15.50 Total revenue foregone by company to fund social tariffs

- 14.21.1 This is an auto-populated line.

### SUP15.51 Total revenue from customers to fund other measures to support affordability for customers struggling to pay

- 14.21.2 This line is reported as zero since there is no additional revenue to what has been reported on other lines.

### SUP15.52 Total revenue from customers to fund all measures to support affordability for customers struggling to pay

- 14.21.3 This is an auto-populated line.

## 14.22 B7. Total funding of affordability support measures for customers struggling to pay their bills - Funding through revenue from residential customers to reduce bills for customers struggling to pay

### SUP15.53 Total revenue from customers to fund social tariffs

- 14.22.1 This is an auto-populated line.

### SUP15.54 Total revenue from customers to fund other measures to support affordability for customers struggling to pay

- 14.22.2 This line is reported as zero since there is no additional revenue to what has been reported on other lines.

### SUP15.55 Total revenue from customers to fund all measures to support affordability for customers struggling to pay

- 14.22.3 This is an auto-populated line.

## **14.23 B7. Total funding of affordability support measures for customers struggling to pay their bills - Funding provided by charitable trusts and other third parties to reduce bills for customers struggling to pay**

### **SUP15.56 Total contributions from charitable trusts to fund all measures to support affordability for customers struggling to pay**

14.23.1 AMP7 sees a nominal return of £2.7 million annually from the *UUW* Trust Fund which then increases to £3.1 million in AMP8. It must be noted, the *UUW* Trust fund cannot directly reduce bills, it otherwise gives customers a grant in hope they will use it to pay off their bill.

14.23.2 SUP15.57 Total contributions from other third parties to fund all measures to support affordability for customers struggling to pay

14.23.3 Nil – there are no third party contributions.

### **SUP15.58 Total revenue from all third parties to fund measures to support affordability for customers struggling to pay**

14.23.4 This is an auto-populated line.

## **14.24 Impact of affordability support measures on bad debt**

### **SUP15.59 Doubtful debt in absence of affordability support measures**

14.24.1 Please see RET1.3 commentary.

### **SUP15.60 Reduction in doubtful debt due to affordability support measures**

14.24.2 Reduction in doubtful debt as a proportion of total doubtful debt remains fairly consistent.

### **SUP15.61 Doubtful debt after application of affordability support measures**

14.24.3 This is an auto-populated line.

## Appendix A Compliance with reporting requirements

### A.1 General

A.1.1 *UUW* have endeavoured to fully comply with all of the reporting requirements. In a small number of instances where this is not the case, we have fully explained this within the table commentaries with appropriate justification.

### A.2 Ofwat query response ID-533

A.2.1 *UUW*, in response to query ID-533, have not trimmed our data to match Ofwat's defined number of decimal place requirements. For display purposes data will, however, always conform to the formatting rules as set within the Ofwat PR24 tables. We believe this to be fully aligned to the table requirements.

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**Water for the North West**