

Wessex Water's

Annual Performance Report 2022-23



Wessex Water
YTL GROUP

FOR YOU. FOR LIFE.

2022-2023

Annual Performance Report 2022-23

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*This document is
part of Wessex
Water's annual
review*

*More information
can be found at
[wessexwater.co.uk](https://www.wessexwater.co.uk)*

Introduction

This is one of the documents we publish as part of our annual review. It reconciles the non-statutory financial accounts with the regulatory accounting statements required by Ofwat. The report also gives detailed information on expenditure, costs and performance, including in relation to our performance commitments.

The other documents we publish are:

Annual review summary – delivering for our customers, community and the environment: This explains what we have delivered in relation to our purpose. The report includes progress against our key outcomes, including our regulatory performance commitments, as well as an overview of the financial accounts for the year.

Annual report and accounts: Our statutory year end is 30 June, which is reflected in our latest annual report and financial statements filed at Companies House. Our annual report and accounts, also known as the non-statutory financial accounts, are prepared for the financial year to 31 March.

All these documents are available on our website: [Annual review \(wessexwater.co.uk\)](https://www.wessexwater.co.uk).

We have prepared this annual performance report in accordance with Ofwat’s requirements including the Regulatory Accounting Guidelines (RAGs) and IN 23/03 Expectations for monopoly company annual performance reporting 2022-23.

The table below details where we have addressed Ofwat’s requirements in separate submissions or publications.

Requirement	Location
Accounting methodology statement	Published on our website
Bioresources market monitoring information	Published on our website
Bioresources market information	Published on our website
Statement on executive pay and performance	Annual Report and Accounts
Long-term viability statement	Annual Report and Accounts
In-period adjustment model	Separate submission to Ofwat
Table commentary – Sections 1 – 9 and 11	Separate submission to Ofwat
External assurance reports – performance commitments	Separate submission to Ofwat
Greenhouse gas emissions historical data request	Separate submission to Ofwat
Developer services information request 2022-23	Separate submission to Ofwat

We have not included the following tables in this report due to their size:

- Table 4B
- Table 4I
- Table 4L
- Table 4M
- Table 6F
- Table 7B
- Table 7F

Introduction

We have prepared all tables in accordance with the Regulatory Accounting Guidelines and submitted them to Ofwat. They are published on our website: [Annual review \(wessexwater.co.uk\)](https://www.wessexwater.co.uk/annual-review).

We have not completed tables 2G, 2H, 4S, 4T, 4U or the tables in Section 10 as we are not required to complete these tables.

Open data

We have published the data tables in an excel format on our website so these can be accessed and reused by all. We have created a document library where submissions from previous years can be accessed, including the data tables in an excel format.

We have continued our commitment to openly publishing data and adopting the characteristics of open data, including providing contextual information for each data set.

We are pro-active in our release of data, including publishing supporting data that we use to calculate our performance through the Wessex Water Marketplace - [Wessex Water Marketplace](#). We have reviewed the way this data is published to make it more accessible, for example improving the machine readability.

We have migrated Marketplace to the same Content Management System (CMS) as our other websites. We have incorporated a link within the main navigation on our corporate site to increase accessibility.

In addition, we continue to publish data on our performance commitments on the Our Future Performance website - [Home Page - OUR FUTURE PERFORMANCE | Wessex Water](#).

We continue to develop our open data practices with support from the Open Data Institute and as part of the industry-led Stream programme - [Stream - Ofwat Innovation Fund \(challenges.org\)](#). We will work with the other companies as part of this initiative to progress the publication of supporting datasets associated with the APR tables. This will help enable data users to join up data more easily from individual companies, maximising the potential benefits of publication. The Stream advisory group will consider the APR performance tables and their supporting datasets as part of their assessment to create a prioritised pipeline of datasets to publish.

We have worked collaboratively, with other water companies, to assist CCW in sharing comparative performance more effectively. The aim is to increase website traffic to a central location, building on the Water UK Discover Water dashboard www.discoverwater.co.uk.

Risk and compliance statement

Introduction

The Water Services Regulation Authority (Ofwat) requires the Board to provide an annual Risk and Compliance Statement (the Compliance Statement). The Compliance Statement confirms that the Company has complied with all its relevant statutory, operating licence and regulatory obligations; that it has processes and systems of internal control in place; that it is taking appropriate steps to manage its risks; and that it demonstrates clear leadership, transparency and good governance. The Company is required to report by exception any instances where a regulatory output has not been met and to detail decisions and actions that demonstrate our governance processes.

Our Annual Review, including our annual performance report, details progress on performance commitments, outputs and financial information, including where these have not been met. This information is for our customers, investors and regulators. Our Annual Review is supported by fact but occasional reliance is placed on estimates. These estimates have been made in good faith, based on reasonable assumptions and are clearly stated as an estimate.

Compliance statement

The Board confirms that it has appropriate and effective assurance process in place and:

- the Board has a full understanding of its statutory, licence and regulatory obligations
- the Board is meeting its statutory, licence and regulatory obligations, but with noted exceptions to regulatory performance commitments outlined in section 3 of this publication. The Company has, in particular, under-performed in relation to environmental measures including pollution incidents
- the Company has met, in all material respects, relevant regulator and customer expectations as demonstrated by those outputs and service standards set out in its business plan and funded through the Final Determination. Where performance commitments have not been met these are outlined in section 3 of this publication, this includes reputational performance commitments and bill reduction on social tariffs.
- the Board is satisfied that the Company has sufficient processes and internal systems of planning and control to fully meet its obligations, or has disclosed any modification or failure to meet such obligations
- the Company has appropriate systems and processes in place to allow the Board to identify, manage and review risks. Principal risks and the appropriate management of them are set out in the Strategic Report in our Annual report and accounts and in the relevant section of the Annual review summary
- the Company follows the Wates principles and meets the requirements outlined in Ofwat's Better Leadership, Transparency and Governance principles
- the Company has sufficient financial and management resources for the 12 months from the date of this report
- the Company has sufficient rights and assets available to enable a special administrator to run the business
- any trade with associate companies was at arm's length and no cross subsidy arose
- Directors' pay is linked to standards of performance as disclosed in the Annual Report and Accounts
- any failure to deliver outputs agreed at the Final Determination has been disclosed within our Annual Performance Review

Risk and compliance statement

- the Company is compliant with its licence condition on credit ratings
- the Board considered and approved the proposed charges for 2022-23 and the associated assurance statement confirming that the Company had met Ofwat's charging expectations (including Information Notice 21/04) and all regulatory and statutory obligations
- greenhouse gas and carbon reporting complies with Defra, Ofwat and FRC reporting requirements.

Output review

The Company has 195 individual regulatory outputs and 46 performance commitments, of which 44 have targets for 2022-23. In 2022-23, all the regulatory outputs were delivered and 30 performance commitments met or exceeded targets, with a strong performance on C-Mex and D-Mex measures and an improving position over a number of performance commitments notably supply interruptions, leakage and unplanned outages. We have not met 14 of our performance commitments, most notably on pollution incidents and our engagement with students/children across education and youth groups. Further detail on our performance commitments is given in the outcomes narrative (section 3).

The Board keeps all outputs and commitments under constant review. Some of the performance commitments in our Final Determination are stretch targets with the potential that the target could not be met in year (or subsequent years). Regular progress reports are prepared for Directors and senior management on progress and mitigation strategies are in place to manage any risk of slow progress or failing to deliver. The Company engages with its regulators where it is foreseen that an output cannot be met. This includes agreeing a future course of action including potential advancement of other outputs. Performance commitments are externally audited each year by the Company's technical auditor.

The Customer Challenge Group represents our key stakeholder groups. It has met four times this year and is chaired by an independent chairman. The CCG review our progress towards our performance commitments each year and formally reports this to our Board. The CCG have produced a final report for the Board recommending their support for the performance commitment information that is provided in our Annual Review and Annual Performance Report. This is published on their website.

Customer experience

The Company regularly monitors its customers' experience by:

- surveying customers after work has been completed at a property to check that they are satisfied; that the problem has been resolved and the work area left clean and tidy. This feedback is displayed in real-time visual dashboards and shared across the business to drive continuous improvement. Our customer care team contact any customer who has given a lower satisfaction score to address their concerns
- inviting customers to leave Trustpilot reviews and all ratings and comments are published on our website
- leaving information cards with all customers we have visited, which include an option to return a hardcopy feedback survey if they have not been able to give their view through any of the channels above
- using a continuous independent image tracker to gather customers' views through telephone interviews on our service now and in the future, including satisfaction; value for money; awareness of services; and other general feedback
- gathering customers' views on different aspects of our service through our online customer panel 'Have your Say'. In 2022-23 we have been particularly interested in customers' views on how we improve water efficiency and smart metering
- the CCG represents the views of our customers and key stakeholder groups and takes an ongoing interest in customer engagement and customer experience. The group provided independent challenge throughout the development of our business plan for 2020-2025.

Customer information

The Company satisfies Licence Condition G on providing customer information by regular review of its core customer information. This takes the form of detailed information on our website, complemented by a suite of leaflets covering all key aspects of our work. It includes information on the services we provide, our customer guarantees, how to make enquiries, and explains our complaints procedure.

Our communication process is customer-led and continues to meet Ofwat's requirements for the provision of customer information as detailed in Information Notice 13/04. All information provided to customers and stakeholders is validated to ensure it is accurate, transparent, clear, current and easily accessible. The Company's Assurance Plan (available on our website) supports this, providing details of how we propose to make further improvements.

We consult with the Consumer Council for Water (CCW) to ensure that the information provided meets customer requirements. CCW reviews the nature of the information provided and the way we provide it on an annual basis when our customer charges are revised as well as on an ad-hoc basis when updating any customer information.

Risk review

The effective management of risk is central to how we can deliver effective and efficient services to our customers and minimise the impact we have on the environment. It is critical that we have a robust risk management framework in which material risks to the business are proactively identified, evaluated, communicated and the appropriate response defined and implemented. The Company's processes are flexible to respond to changes in risk and ensure that the necessary controls and mitigation measures are put in place. Risks are defined as any event that can impede our ability to achieve our objectives. The most significant risks facing us are referred to as 'principal risks'. The Audit and Risk Committee approve the annual audit plan that includes audits around the principal risks.

Risk process

Risk is identified and managed through a tiered system of groups drawn from operational staff, senior management, executive directors and the Board. The Board reviews and is ultimately responsible for risk and setting the risk appetite and tolerance. Risks have been identified, evaluated and managed in line with our processes throughout the year and up to the approval of the Annual Report and Accounts. Full details of our risk management are available in our Annual Report and Accounts.

Operational staff and senior management review, assess and record asset and operational risks monthly. Risks are scored by assessing probability and impact on a 'five-by-five' scoring mechanism. Risk mitigation plans are recorded and implemented where appropriate and pre-and post-mitigation scores are monitored.

Any identified risk acts as a foundation for the separate corporate risk register. The Risk Management Group maintains and reviews all business risks; the corporate risk register includes strategic, compliance, operational and financial risks, specifically including health and safety and climate change related risks. The Risk Management Group comprises senior managers from across the business. The risks are assessed by subject matter experts and subject to independent challenge from our risk experts. We assess risks based on a range of criteria including their financial, social, and environmental impacts. Risks above our tolerance levels will have additional measures to manage and mitigate the risk exposure.

The Board reviews risk as a matter of course and undertakes an in-depth review every six months. This sets out the risk review process and identifies current and emergent principal risks to the business and the relevant mitigation measures.

Assurance and Board endorsement of the Risk and Compliance Statement

The Company has a clear focus on its performance reporting and verification procedures. The Risk and

Risk and compliance statement

Compliance Statement is assured by:

- a clear governance process over output and performance commitments
- data collation and reporting process that are externally audited and verified
- an annual process of self-certification confirming compliance to our internal controls
- a programme of internal audits
- governance and scrutiny over the risk management framework
- validation of information being provided to customers and feedback and improvement processes
- Audit and Risk Committee and Board approval of the methodology and content of the Compliance Statement.

The Board confirms it is satisfied it has the appropriate assurance processes in place and based on these processes endorses this compliance statement and states that, to the best of its knowledge and belief, the information produced is accurate, reliable and complete in all material respects.

Francis Yeoh

Chairman

Colin Skellett

**Chief
Executive**

Jim McKenna

**Senior
Independent
Non-Executive
Director**

Kate Mingay

**Chair of Audit
and Risk
Committee**

14 July 2023

Regulatory accounts introduction

The Company was appointed by the Secretary of State for the Environment as a water and sewerage undertaker under the Water Act 1989 and is required to comply with the Conditions set out in the Instrument of Appointment (the Licence) issued thereunder.

Under the conditions of its Licence, the Company is obliged to provide the Water Services Regulation Authority (WSRA) with additional information to that contained in the non-statutory financial statements, in order to comply with Licence Condition F. This information is presented on pages 10 to 120.

The differences between the treatment of items in the non-statutory financial statements and these regulatory accounting statements are shown in the disclosure, 'Differences between non-statutory and RAG definitions' on pages 17 to 18.

Transactions with associates

In the opinion of the Directors, the Company has complied with the objectives and principles of RAG 5.07, in that transactions with associated companies are at arms-length and that cross subsidy is not occurring.

Accounting methodology statement

We have published the accounting methodology statement for the year to March 2023 on our website [here](#).

Directors

The Directors are listed in the **Annual Report and Accounts**.

Statement of Directors' responsibilities

Further to the requirements of company law, the Directors are required to prepare accounting statements that comply with the requirements of Condition F of the Instrument of Appointment of the Company as a water and sewerage undertaker under the Water Industry Act 1991 and Regulatory Accounting Guidelines issued by Ofwat. This requires the Directors to:

- confirm that, in their opinion, the Company has sufficient financial resources and facilities, non-financial resources and methods of planning and internal control for the next 12 months
- confirm that, in their opinion, the Company has sufficient rights and assets to enable a special administrator to manage the affairs, business and property of the Company
- confirm that, in their opinion, the Company has contracts with any associate company with the necessary provisions and requirements concerning the standard of service to be supplied to ensure compliance with the Company's obligations as a water and sewerage undertaker
- report to Ofwat changes in the Company's activities, which may be material in relation to the Company's ability to finance its regulated activities
- undertake transactions entered into by the appointed business, with or for the benefit of associated companies or other businesses or activities of the appointed business, at arm's length, and
- keep proper accounting records, which comply with Condition F and RAG 5.07.

These responsibilities are additional to those already set out in the **Annual Report and Accounts**.

Directorships

The following Directors of the Company are also Directors of the following parent companies in the Group:

Regulatory accounts introduction

Colin Skellett and David Barclay are Directors of Wessex Water Ltd. Colin Skellett is a Director of YTL Utilities (UK) Ltd.

Francis Yeoh, Hong Yeoh and Mark Yeoh are Directors of Wessex Water Ltd, YTL Utilities (UK) Ltd, YTL Utilities Ltd, YTL Power International Berhad and YTL Corporation Berhad. Hann Yeoh is a Director of YTL Utilities Holdings Ltd.

Accounting disclosures

Statement on executive pay and performance

Details of Directors' remuneration is fully disclosed in the Remuneration Committee report in the Annual Report and Accounts. This includes disclosure of the link between pay and performance. To avoid duplication this information has not been replicated in the Annual Performance Report.

Statement as to disclosure of information to auditors

The Directors who held office at the date of approval of the Annual Performance Report confirm that, so far as they are each aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement on dividend policy for the appointed business

The dividend policy is to declare dividends consistent with the Company's performance and prudent management of the economic risk of the business.

Dividend payments are reviewed and approved on a quarterly basis by the Board after considering both current and projected business performance. Whenever a dividend is considered by the Board, a paper is prepared by the Finance Directorate which sets out the purpose of the dividend and how it complies with the dividend policy.

In particular, the Board takes into account:

- the Company's current and projected performance in delivering the level of service customers expect from an efficient water and sewerage company and that where that level of service has not been delivered, that customers have been adequately compensated
- that the Company is delivering the required quality and environmental outputs and making sufficient investment in its infrastructure to maintain and, where necessary, increase resilience
- that the correct amount of tax has been paid
- that the Company has met any unexpected additional expenditure needs that may have arisen during the year to date, as new operational risks emerge
- the level of regulatory gearing and its comparison with Ofwat's expectations pertaining at the time
- the sufficiency of distributable reserves.

The Company will maintain a solid investment grade credit rating at all times.

Financial Year 2023 dividends

The Board take seriously their commitments and obligations to customers and other stakeholders (including the environment, communities, employees and pension members) as a supplier of essential services. They also recognise the need to continue to improve performance and the long-term nature of the plan to deliver this objective.

For the 2023 financial year the Board considered a number of factors prior to approval of dividends including: delivery of PCs that incorporate incentive based rewards and penalties for AMP7, circumstances where performance has not met targets, the ongoing EA and Ofwat investigations into

environmental performance where the company remains actively engaged with these regulators to resolve any remaining issues, and the ability to maintain financial resilience through the remainder of AMP7 in line with the review of long-term viability.

During the year, the Board approved the declaration of £70.6m in dividends (last year - £63.5m) to its immediate parent company. This represents a dividend yield of 5.4% on the Company's regulatory equity (last year – 5.6%) as compared to Ofwat's base yield of 3.0% included in the regulatory settlement.

Dividend payments in excess of the base dividend yield are to be reflective of current or past outperformance versus the final determination. This outperformance can arise for several reasons, such as cost savings, strong ODI performance, outperformance of financing assumptions or a combination of these. The Board considers outperformance and whether it should be reflected in dividend payments on a cumulative basis over the AMP.

As already indicated the Board has distributed an element of outperformance earned to date but has retained the majority, recognising the need to retain outperformance within the Company.

	FY2023	FY2022
Base yield	3.0%	3.0%
Financing	13.1%	6.6%
Totex	-5.6%	-0.2%
Retail	-0.2%	-0.6%
ODI (inc C-Mex & D-Mex)	0.1%	0.4%
Other exceptional items	0.0%	0.1%
Outperformance yield	10.4%	9.3%
Actual yield	5.4%	5.6%

Further detail relating to the yields and returns is set out in Table 1F.

	FY2023 £m	FY2022 £m
Base return	42.5	40.0
Outperformance	78.2	63.4
Adjust to current year prices	21.8	8.8
In year performance nominal	142.5	112.2
RCV growth from inflation	130.4	74.0
In year return available for distribution	272.9	186.2
Undistributed return brought forward	113.5	-8.9
Adjust to current year prices	14.5	-0.3
Dividend declared	-70.6	-63.5
Undistributed return carried forward	330.3	113.5

Accounting policy note for price control units

Cost allocations have been prepared in accordance with RAG 2.09 and RAG 4.11 for the definitions for the regulatory accounting tables. All costs are recorded in the accounting records by cost centre. Cost centres are defined either as a direct department, comprising operational and customer functions, or a support department. Direct departments are mostly directly allocated to service activities based on the

nature of the function, although some costs require apportionment on an appropriate basis. Support departments are apportioned across the price controls either based upon a specific analysis of the costs or by apportionment by an appropriate cost driver. Once allocated to the appropriate price control the costs are then allocated to service activities using an appropriate method.

Fixed assets directly involved in the activities within each business unit are recorded against that business unit using direct allocation per the location or asset type. Where an asset is utilised in more than one business unit, the asset is allocated to the business unit of principal use and costs are recharged to other different business units on the same basis used to allocate operating expenditure.

Further detail is provided in the accounting separation methodology statement published on our website [here](#).

Revenue recognition

Turnover represents income receivable in the ordinary course of business, excluding VAT, for services provided. Turnover from contracts with customers is recognised when control of these goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In accordance with RAG 3.14, there is one difference in turnover recognition between the statutory and regulatory accounts. This relates to the adoption of IFRS15 whereby turnover has been de-recognised where the occupier has consistently not settled their account for a period of four years or more. There are no further adjustments between amounts billed (as adjusted by opening and closing accruals) and amounts recorded as turnover.

Income related to water and sewerage services is receivable from occupiers of the premises to which services are supplied except where a third party has agreed liability for the charges. Where premises are unoccupied or where no services are supplied, charges are not raised, income is not receivable and no turnover is recognised. Premises that are furnished are considered to be occupied except in exceptional circumstances such as death or long-term hospitalisation of the customer. We consider premises undergoing refurbishment or being used for storage to be occupied by the owners of the premises.

If details of the occupier of the premises are unknown, the premises are considered to be unoccupied, no charges are raised and no turnover is recognised except where a third party has agreed liability for the charges. We do not bill properties speculatively in the name of the occupier. We have processes that seek to determine whether properties are occupied that include, but are not limited to, written correspondence, data matching and visits.

Charges that do not represent income receivable in the ordinary course of business are not recognised as turnover. This includes charges for the recovery of costs related to court action to recover charges overdue.

The principles laid out above apply to both new and existing premises.

Capitalisation policy

Our capitalisation policy is unchanged from previous years. The capitalisation policy document is owned and published internally by the Group Financial Controller and forms part of our governance process and procedures. The policy is applied consistently between the statutory and regulatory accounts, in accordance with IAS16 Property, Plant and Equipment and IAS38 Intangible Assets. It includes a significant level of detail and includes the following principles.

Assets are taken to be fixed assets if they are intended for use on a continuing basis over at least three years (or two years in the case of internal software developments). Any assets not intended for such use are to be charged to the Income Statement.

Capital expenditure shall be determined as follows:

- the price paid for the asset together with any costs incidental to the acquisition, eg, identification of options and appraisal costs. This may include site preparation, which could encompass demolition work
- the cost of raw materials, consumables, salaries and wages (together with other costs) directly

attributable to the creation of that asset

- in addition, the cost of an asset may include a reasonable proportion of costs indirectly attributable to the creation of the asset
- interest paid, for example, on contractors' claims or delayed payment of certificates, may be capitalised.

Bad debt policy

Expected credit loss policy

There have been no changes in expected credit loss policy. The value of debt written off in the year was £14.4m compared with £10.1m in the previous year.

Debt is written off for one of four reasons:

- it is considered or known to be uncollectible
- it is considered uneconomic to collect
- older debt is written off by agreement with the customer in return for the receipt of monthly payments to pay off current year debt as part of our 'Restart' and 'Restart Plus' policies
- write off is ordered by the County Court. In these cases, the court may set payment at a proportion of the outstanding debt. When this level of payment is reached the court will instruct that the rest is to be written off.

Expected credit loss provision policy

The expected credit loss provision for tariff income at 31 March 2023 was £39.3m compared with £41.7m the previous year-end, the reduction being due to the increase in older debt written off in the year combined with the Company's assessment of the current and future economic climate.

Under IFRS9, expected credit loss provision is forward looking. To estimate expected credit loss various categories are selected, such as direct debit, instalments and standing orders and other. Long-term historical collectability profile is used to assess an appropriate level of provision based on these factors and any expected general economic effects.

Trade debtor balance

There has been an increase in the trade debtor balance from the prior year. The trade debtor at 31 March 2023 was £91.4m, compared with £86.9m the previous year.

Ring-fencing certificate

Licence conditions I (ring-fencing) and K (ring-fencing and disposals of land) require the Company, at all times, to ensure that if a special administrator were appointed to manage the regulated activities, that administrator would have sufficient rights and assets (other than financial resources) to enable the administrator to manage the affairs, business and property of the Company. The Company is required to confirm on an annual basis that it is in compliance with these conditions and, in a certificate of adequacy, make suitable sufficiency statements to that effect.

The Company should also include a statement of the main factors that the Board has taken into account when approving the certificate of adequacy. The certificate should also be accompanied by a report prepared by the Company's auditors stating whether they are aware of any inconsistencies between the certificate and either the regulatory accounting statements or any information which they have obtained in the course of their work and, if so, what they are. The Company's auditors, Ernst & Young, have conducted their audit and prepared a separate report as required by paragraph I24, which confirms that no inconsistencies were identified between the ring-fencing certificate and either the regulatory accounting statements or any information which the Auditors obtained in the course of their work as the Company's Auditors. The overall Auditor's report can be found on pages 131 to 136 of this report. An auditor assurance statement specific to this ring-fencing certificate has been separately submitted to Ofwat.

In accordance with the requirements, this is to certify that on 9 July 2023, the Board of Wessex Water

Services Limited unanimously resolved that, in their opinion, for at least the next 12 months:

- (a) The Appointee will have available to it sufficient:
 - a. financial resources and facilities to enable it to carry out the Regulated Activities (including the investment programme necessary to fulfil the Appointee's obligations under the Appointment); and
 - b. management resources and systems of planning and internal control enabling it to carry out its functions under the Appointment.

- (b) All contracts entered into with any Associated Company include all necessary provisions and requirements concerning the standard of service to be supplied to the Appointee, to ensure that it is able to carry out the Regulated Activities.

The Board has considered a wide range of factors to satisfy themselves that the evidence detailed here is sufficient for them to draw the conclusions they have. This includes the Auditors' statement regarding the Company's accounts, going concern statement, long-term viability statement, risk and compliance statement, and the inputs and assurance processes associated with each. Each of these has been considered in detail by the Audit and Risk Committee, with the appropriate challenge to directors and senior managers, before being recommended to the Board for approval.

The main factors the Board has taken into account, in compliance with the requirements are:

- (a) **Financial resources and facilities** and in particular consideration of:
 - a. the Company's detailed budget for the year to March 2024;
 - b. the Company's Final Determination for AMP7 accepted in February 2020;
 - c. the Company's long-term viability statement to March 2035;
 - d. the Company's credit arrangements including its existing borrowing facilities, which include significant undrawn bank facilities of £180m;
 - e. the Company's available cash resources and financing strategy including re-financing bonds maturing in July 2023;
 - f. the Company's investment grade ratings and compliance with financial covenants; and
 - g. the Company's dividend policy that does not impair the Company's ability to finance the Company.

- (b) **Management resources** and in particular consideration of:
 - a. the management skills, experience and relevant qualifications of key directors and managers, including succession planning for key management and staff;
 - b. the Company's recruitment and reward processes and staff engagement including the results and learning from the Company's staff-wide survey and the People's Council;
 - c. the quality of management and staff induction, including training and development;
 - d. the work of the Company's diversity and inclusion working group and Environment and Public Value Committee;
 - e. Board reports, including the regular business performance updates; and
 - f. the independence and functionality of the Board and its committees.

- (c) **Systems of planning and internal control** and in particular consideration of:
 - a. the governance framework, delegated authority processes and procedures;
 - b. the risk management framework as detailed in the annual report and accounts and associated reporting mechanisms;
 - c. the internal and external audit policies, processes, activities, and reports;
 - d. the systems for maintaining supply, security, incident management and business continuity, including relevant action plans;

- e. the restated business ethics and raising a concern policy;
- f. supply chain reviews for compliance with the Utilities Contracts Regulations, Modern Slavery Act and Bribery Act;
- g. risk, compliance and other assurance statements;
- h. performance against performance commitments as reported in the annual performance summary;
- i. the systems for information assurance and information quality; and
- j. the Company's ability to meet its legal obligations. The ongoing investigations by the HSE, Police, Ofwat and the Environment Agency are provided under material issues and circumstances below.

(d) Rights and resources other than financial resources and in particular consideration of:

- a. the Company's social purpose and BEST values;
- b. the resources available from the Company's in-house engineering and sustainable delivery department who deliver the capital programme;
- c. technology and other systems for ensuring appropriate information security and access control, reconciliation, other checks, and verifications such as within the Company's Bravo procurement system or the updated regulatory assurance manual;
- d. policies to encourage an integrated approach and 'systems thinking' including the Wessex Water Marketplace, business continuity, and resilience action plans; and
- e. planning and asset maintenance systems.

(e) Contracting and in particular consideration of:

- a. the legal ownership of the Company's assets;
- b. the status of key contracts in place;
- c. the billing and revenue collecting capability of the Company's Associated Company, Bristol Wessex Billing Services Limited, which provides such services under contract;
- d. transactions between the Company and any Associated Company including the Company's annual RAG5 report;
- e. compliance with licence provisions on cross-subsidies between the Company and any Associated Company; and
- f. compliance with licence provisions on guarantees and cross-default obligations requiring Ofwat's written consent.

(f) Material issues or circumstances and in particular consideration of:

- a. the Company's continued co-operation with the ongoing investigations into (a) the December 2020 incident at Avonmouth and (b) flow to full treatment compliance at waste water treatment works.
- b. The Board reviews the principal risks throughout the year, the details of our principal risks are outlined in our annual report and accounts. Our risk management framework has an agreed risk appetite and tolerance. This process reviews existing and emergent risks. Two areas of material note are climate volatility and cyber threat.
 - The changing climate and extreme weather events despite being unpredictable are more frequent. This impacts our operational delivery and ability to meet regulatory outcomes. The Company's outcome based approach to regulation will provide more a focused oversight of operational delivery with more short term flexibility to deliver long-term outcomes.
 - Cyber threats are increasing in both volume and complexity. The Company have implemented a 24/7 cyber-security operations centre to monitor and manage cyber risks to our corporate and operational estate. We are fully compliant with the sector

specific profile for the EU Network & Information Systems (NIS) Regulations, ahead of the 2025 deadline

Tax strategy for appointed business

Wessex Water Services Limited is one of the leading water and sewerage companies in England and Wales. The Company ensures that all its activities meet the highest legal and ethical standards.

Attitude towards UK tax planning

The Company's approach to tax is fully aligned with the Company's overall objectives. The Company seeks to comply with the spirit and letter of UK tax legislation and claims all tax reliefs and allowances to which it is entitled. The Company will consider reasonable tax planning opportunities which are in line with its risk appetite. As a general rule, the Company does not enter into complicated structures nor engage in any aggressive or artificial tax planning, as it does not believe it is the correct thing to do.

Due to the size and complexity of the UK tax system, tax is a complicated area and uncertainties will arise. Consistent with other business areas, the Company will seek external advice when required.

Approach to risk management and governance arrangements in relation to UK tax

The Chief Finance Officer is ultimately responsible for the tax strategy and engages with relevant individuals within the Company to ensure the tax strategy is implemented and monitored. The Board reviews and approves all significant decisions relating to tax and is regularly updated regarding any significant matters relating to tax.

As a UK regulated business with a significant capital programme, the Company considers obtaining tax relief on capital expenditure as a key factor affecting its tax liability. Other factors, such as changes in tax legislation or changes in interpretations, may also affect the amount of tax due, compared with what has been allowed as part of the regulatory final determination.

The level of risk in relation to UK tax the company is prepared to accept

As documented in the Company's finance policy, the Company adopts a risk averse and cautious approach to tax. In addition, tax is included as part of the Company's risk assessment framework. The overall risk framework is monitored by the Company with regular updates provided to the Board.

Approach towards its dealing with HMRC

The Company has an open, regular and professional dialogue with HMRC. As part of its Business Risk Reviews, HMRC have always regarded the Company as being low risk. The Company is committed to maintaining this low-risk status in the long term. The Company believes that its approach to tax and early engagement with HMRC on any area of uncertainty are significant factors in maintaining this low-risk rating. The Company will also engage with HMRC on industry-wide matters through its membership of Water UK.

This tax strategy is provided in compliance with the requirements of paragraphs 16(2) and 19(2), Schedule 19 Finance Act 2016.

The Company's tax contribution

The corporation tax credit on profits arising in the year was £7.9m which all relates to prior year matters. The company has not recognised a current year tax charge due to the losses before tax it has generated in the year.

The Company paid no corporation tax in the current year. The Company is also liable to several other taxes which represent a cost to the business. These taxes include employer's National Insurance contributions of £12.9m, business rates of £25.0m, environmental permitting of £6.6m, energy levies and taxes of £8.3m and fuel duty of £2.1m.

Differences between non-statutory and RAG definitions

The differences between the non-statutory accounts and the regulatory accounting statements are detailed below.

Table 1A – Income Statement

Explanation of differences between Statutory and Regulatory accounts		£m
Positive numbers represent increased profit in the Regulatory Accounts		
Revenue		
Revenue to be re-classified as Other Income in the Regulatory Accounts		(3.214)
Biosolids treated as negative expenditure		(0.590)
Non-payers excluded from Revenue in accordance with IFRS 15		0.388
Rental income from appointed assets included with Other Income		(0.382)
		(3.798)
Operating costs		
Depreciation of previously capitalised customer leakage repairs are excluded in the Regulatory Accounts and are capitalised in the Non-Statutory Accounts		0.670
Biosolids treated as negative expenditure		0.590
Innovation fund payments		1.109
Bad-debt provision on revenue treated as non-payers under IFRS 15 excluded from operating costs		(0.384)
Capitalised interest on completed assets is depreciated in the Non-Statutory Accounts. In the Regulatory Accounts capitalisation of interest is not allowed		0.600
Other operating income shown separately in the Regulatory accounts		1.175
Other income shown separately in the Regulatory accounts		(3.422)
Depreciation arising on conversion to IFRS on the revaluation of infrastructure assets has been dis-applied in the Regulatory Accounts		6.415
		6.753
Other operating income		
Other operating income shown separately in the Regulatory Accounts		(0.968)
		(0.968)
Other income		
Revenue to be re-classified as Other Income in the Regulatory Accounts		3.214
Innovation fund payments		(1.109)
Rental income from appointed assets included with Other Income		0.382
Other income shown separately in the Regulatory accounts		3.422
		5.909
Interest expense		
Capitalisation of interest: excluded from Regulatory accounts		(7.076)
		(7.076)
Taxation		
Deferred tax at 25% on the net adjustments described above		(0.288)
		(0.288)
Total differences		0.532

Table 1C – Statement of Financial Position**Explanation of differences between Statutory and Regulatory accounts**

	£m
Fixed assets	
Infrastructure asset revaluation on adoption of IFRS accounting, after depreciation. This amount is excluded from the Regulatory accounts.	(639.250)
Customer pipe repairs, after depreciation, are excluded from the Regulatory accounts	(34.387)
Interest capitalised on asset construction, after depreciation on completed assets. This amount is excluded from the Regulatory accounts.	(27.488)
	(701.125)
Trade and other receivables	
Non-payers adjustment which is excluded from the Regulatory accounts.	0.645
	0.645
Trade and other payables	
To be shown under Capex Creditor	42.408
	42.408
Capex creditor	
From Trade and other payables	(42.408)
	(42.408)
Deferred income – G&Cs	
Deferred income on adopted assets to be shown separately	111.320
	111.320
Deferred income – adopted assets	
Deferred income on adopted assets to be shown separately	(111.320)
	(111.320)
Deferred tax	
Deferred tax at 25% on fixed asset and other differences described above	175.118
	175.118
Total differences	(525.362)

Long-term viability statement

The Directors have made a long-term viability statement in the Annual Report and Accounts, which covers the period to 31 March 2035.

The Company undertook analysis to 31 March 2035 by reference to several scenarios developed from the company Corporate Risk Register, company financial projections and the impact of the regulatory regime. The Company's analysis included scenarios incorporating the published Principal Risks. It also considered the impact of low probability and high impact events as well as the impact of adverse scenarios occurring concurrently.

Following these assessments, together with feedback from our financial auditors and subject to the appropriate performance of Ofwat's statutory duties, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due up to 31 March 2035.

Infrastructure charges

This year we recovered £2.6m in infrastructure charges compared to expenditure on offsite reinforcement of £2.3m (supply and waste). This is an in-year over recovery of £0.3m, which combined with the brought forward under recovery of £8.9m, gives us a cumulative under recovery of £8.6m.

The in-year income and costs are, as expected, converging. This reflects the recent changes in charges. We expect some variance year on year, as we aim to set infrastructure charges that are broadly stable over the short-term to reflect a smooth profiling of the costs forecast over the next five years, as per the charging rules. This means that there is little we can do about the historic variance.

Where we need to invest, we will be investing not only to enable immediate development, but also to enable future planned development. This investment will continue to deliver benefits over the coming years. Therefore, we do not think that the short timescale that this information is collected over is the most appropriate comparison.

This year, most of the £0.3m over-recovery was on the supply side, which resulted in a cumulative over recovery of £2.9m.

With a backdrop of reducing leakage and more water efficient new homes, supply connections are not resulting in additional network reinforcement. However, we do not expect this to continue indefinitely. As abstraction licence restrictions come into place we will rely on a more integrated network and expect to see more network reinforcement costs in the future.

This year, there was only £30k variance between wastewater costs and income. However, there remains an £11.5m under recovery to date. This is driven by three large factors:

- with significant investment in our North Bristol catchment (Trym Tunnel & Frome Valley Relief Sewer) already complete we have seen all the costs (c£6m allocated to network reinforcement). However, we had planned to smooth this impact on customers' charges, and so had not planned to fully recover these costs yet
- we have seen an increase in the amount of network reinforcement required to facilitate the delivery of the local authority housing plans
- we have seen an increased take up of our lower tier of infrastructure charges. This is good news, as over the long term it will reduce the amount of surface water in our foul system, and ultimately result in lower network reinforcement costs. However, there will be a lag effect to see this reduction. We are starting to see this now, where investment is beginning to slow down and align with income.

Transactions with associates and the non-appointed business

Transactions to be disclosed

Services provided by appointee to associated companies

Associate company	Service provided	Turnover of associate £m	Terms of supply	FY2023 £m
Wessex Water Enterprises Ltd	Transport, accommodation, insurance, laboratory, central services (no individual transaction more than 0.5% of turnover)	36.8	Actual costs plus margin	2.622
Wessex Water Enterprises Ltd	Treatment of imported organic waste	36.8	Commercial terms	3.984
Wessex Water Enterprises Ltd	Sale of biogas	36.8	Commercial terms	4.358
GENeco Ltd	Access to sludge digestion process	3.0	Commercial terms	0.291
Bristol Wessex Billing Services Ltd	Information systems, transport, insurance, staff costs	15.8	Actual costs plus margin	1.056
Bristol Wessex Billing Services Ltd	Senior management team	15.8	Actual costs plus margin	0.192
Wessex Water Ltd	Corporate charges	44.3	Costs allocated by time allocation	1.820
Gainsborough Hotel (Bath) Ltd	Information systems, equipment maintenance, bottled water	7.4	Actual costs plus margin	0.046
Turnbull Infrastructure & Utilities Ltd	Project management and engineering support	23.2	Costs allocated by time allocation	0.730
Wessex Utility Solutions Ltd	Project management	0.5	Actual costs	0.000
Water 2 Business Ltd	Legal, insurance, transport and information systems services	205.7	Actual costs plus margin	0.282
Water 2 Business Ltd	Wholesale water and sewerage for non-household market	205.7	Market price	70.820
YTL Developments (UK) Ltd	Project management, environmental investigations, management and engineering and back-office support	23.4	Actual costs plus margin	0.314

Services provided to appointee by associated companies

Associate company	Service provided	Turnover of associate £m	Terms of supply	FY2023 £m
Bristol Wessex Billing Services Ltd	Billing services	15.8	Competitive letting	12.046
Bristol Wessex Billing Services Ltd	Project support	15.8	Actual costs plus margin	1.091
Wessex Water Enterprises Ltd	Supply of electricity	36.8	Other market testing	2.633
Wessex Water Enterprises Ltd	Supply of electricity	36.8	Other market testing	1.701
Wessex Water Ltd	Directors' services	44.3	Actual costs plus margin	0.592
Wessex Water Enterprises Ltd	Project management and other staffing costs	36.8	Other market testing	1.576
Xchanging Malaysia Sdn Bhd	IT services from an offshore development centre	MYR ~800m	Competitive letting and market testing	0.625
YTL Communications Sdn Bhd	IT services from an offshore development centre	MYR ~40m	Competitive letting and market testing	0.280

Financial transactions

Dividends declared by the appointee to Wessex Water Ltd are disclosed in note 10 to the Annual Report and Accounts.

The appointee paid £127.3m (2022: £78.5m) of interest to its subsidiary company Wessex Water Services Finance Plc in relation to the proceeds of the Bonds issued by that company, that were lent to the appointee under the same terms as the Bonds. The Bonds are shown in note 18 to the Annual Report and Accounts.

The appointee acquired assets of £0.4m (2022: £0.2m) on behalf of Wessex Water Enterprises Ltd and transferred those assets to that company.

Section 1: Regulatory financial reporting

Current tax analysis

The UK corporation tax on Table 1A is a credit of £7.9m.

Loss before tax and fair value movements was £28.3m which at the standard tax rate of 19% derives an expected tax credit of £5.4m. The actual tax credit of £7.9m is £2.5m different from £5.4m. The main reconciling items are explained as follows:

-9.6m capital allowances in excess of depreciation
-3.5m pension tax relief in excess of accounting charge
+0.9m permanent disallowable expenditure
+17.6m current year tax losses
-7.9m prior year adjustment

-2.5m

The Company does not expect to sell any losses to other group companies. On the basis that no fair value gains or losses are reported, there are no corresponding tax adjustments.

Current tax reconciliation

The corporation tax credit of £7.9m relates solely to prior years. The current year current tax credit of £0.0m is £7.8m lower than the £7.8m tax charge allowed in the price limits. The main reconciling items are explained as follows:

-32.1m lower profit before tax of £169.3m at 19%
+13.0m lower add back for depreciation
-4.4m higher tax relief on pension payments
+2.4m no debt gearing adjustment
-5.7m lower capital allowances deduction
+17.6m current year losses
+0.7m additional non-deductible expenses
+0.7m other adjustments

-£7.8m

The current year tax charge has been affected availability of the 'Super deduction' regime introduced in the 2021 Finance Act. Future tax charges will be significantly affected by the availability of the 'Full Expensing', as currently proposed in the 2023 Finance Bill.

Interest

The overall interest charge of £147.801m comprises interest expense in Table 1A.7 of £147.301m and Interest on net defined benefit assets/liabilities in Table 1A.8 of £0.500m.

	£m
Interest charged on external borrowings	140.225
Capitalisation of interest	7.076
Sub total	147.301
Other financing costs	0.500
Total	147.801

Analysis of debt

Total borrowings of £2,916.7 (2022: £2,423.2m) are consistent across both Tables 1E and 4B. A summary breakdown is shown in 1E and a detailed breakdown in 4B.

Net debt is arrived at by reducing total borrowings by the value of the cash held on short and medium-term deposit. Cash and short-term deposits held at 31 March 2023 were £164.5m, giving an overall net debt of £2,622.2m as shown in Table 1E £2,752.2 less medium-term deposits £130m from table 1C (2022: £2,419.1m).

Financial derivatives

Not applicable.

Financial flows

The purpose of Table 1F is to provide full transparency of the financial flows to investors. It looks at how the actual performance of the Company supports the financial flows and compares it to what was assumed by Ofwat under the notional structure at the last price review.

All financial values are stated at 2017-18 prices for comparison with the last price review.

We have used the base returns, RCV and equity figures published by Ofwat and made no amendments.

Financial performance

Our gearing remains above that assumed in the notional structure at 64%, but it is a reduction from last year. It is currently under the threshold that triggers the gearing outperformance sharing mechanism (GOSM) and we expect this to be the case throughout the price control period.

This year with high inflation we are seeing substantial outperformance on the cost of debt. This is due to our limited exposure to index linked debt. We expect this to continue during 2022-23 as inflation is forecast to remain high.

We discuss our tax performance in our tax narrative on page 22.

We have no hedging instruments and no group relief to report.

Operational performance

We discuss our performance over these areas in detail in the individual narrative sections.

We recorded a totex underperformance in year of c£60m after sharing. This is due to significant input price pressures over CPIH in the year and increasing maintenance costs over time. There is still some substantial uncertainty around the remaining capital programme, and we remain hopeful that we will realise savings later in the price control period. We will continue to deliver improvements that are in the best interests of our customers and present this at PR24.

We have included the impact of C-MeX and D-MeX as published for 2020-21, we expect to be above industry-average in both these measures for 2022-23, but no allowance is currently made for this. We continue to expect both to provide substantial rewards over AMP7.

On retail we are showing a continued underperformance this year that we discuss in the retail narrative on page 31. However, this performance is a further improvement on last year and we expect performance to continue to improve as we move past the Covid-19 and cost of living shocks.

We have included the company share of land sales as disclosed in table 2L and calculated as per the PRR24 reconciliation model, within the exceptional items. This is the only contributing factor to this value.

Dividends and retained value

This year we have paid dividends of £59m (2017-18 prices), a yield of 5.45% on actual equity. We have a flexible dividend policy that ensures that we are paying dividends that are sustainable and supported by our overall financial performance. This is reviewed annually to ensure that we are paying the appropriate dividends, that these relate to our performance, and that we remain financially viable.

Pro forma 1A Wessex Water

Income statement for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments			Total appointed activities	RAG 4 reference
				Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Revenue	£m	3	530.669	-3.798	10.127	-13.925	516.744	1A.1
Operating costs	£m	3	-419.442	6.753	-9.938	16.691	-402.751	1A.2
Other operating income	£m	3	0.000	-0.968	0.000	-0.968	-0.968	1A.3
Operating profit	£m	3	111.227	1.987	0.189	1.798	113.025	1A.4
Other income	£m	3	0.000	5.909	0.000	5.909	5.909	1A.5
Interest income	£m	3	0.442	0.000	0.000	0.000	0.442	1A.6
Interest expense	£m	3	-140.225	-7.076	0.000	-7.076	-147.301	1A.7
Other interest expense	£m	3	-0.500	0.000	0.000	0.000	-0.500	1A.8
Profit before tax and fair value	£m	3	-29.056	0.820	0.189	0.631	-28.425	1A.9
Fair value gains/(losses) on financial	£m	3	0.000	0.000	0.000	0.000	0.000	1A.10
Profit before tax	£m	3	-29.056	0.820	0.189	0.631	-28.425	1A.11
UK Corporation tax	£m	3	7.933	0.000	-0.036	0.036	7.969	1A.12
Deferred tax	£m	3	9.921	-0.288	0.000	-0.288	9.633	1A.13
Profit for the year	£m	3	-11.202	0.532	0.153	0.379	-10.823	1A.14
Dividends	£m	3	-70.600	0.000	0.000	0.000	-70.600	1A.15

Tax analysis

Current year	£m	3	0.000	0.000	0.036	-0.036	-0.036	1A.16
Adjustment in respect of prior years	£m	3	-7.933	0.000	0.000	0.000	-7.933	1A.17
UK Corporation tax	£m	3	-7.933	0.000	0.036	-0.036	-7.969	1A.18

Analysis of non-appointed revenue

Imported sludge	£m	3			0.000			1A.19
Tankered waste	£m	3			0.000			1A.20
Other non-appointed revenue	£m	3			10.127			1A.21
Revenue	£m	3			10.127			1A.22

Pro forma 1B Wessex Water

Statement of comprehensive income for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments			Total appointed activities	RAG 4 reference
				Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Profit for the year	£m	3	-11.202	0.532	0.153	0.379	-10.823	1B.1
Actuarial gains/(losses) on post-employment plans	£m	3	-0.375	0.000	0.000	0.000	-0.375	1B.2
Other comprehensive income	£m	3	0.000	0.000	0.000	0.000	0.000	1B.3
Total Comprehensive income for the year	£m	3	-11.577	0.532	0.153	0.379	-11.198	1B.4

Section 1: Regulatory financial reporting

Pro forma 1C
Wessex Water

Statement of financial position for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments			Total appointed activities	RAG 4 reference
				Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Non-current assets								
Fixed assets	£m	3	4,143.232	-701.125	0.000	-701.125	3,442.107	1C.1
Intangible assets	£m	3	50.269	0.000	0.000	0.000	50.269	1C.2
Investments - loans to group companies	£m	3	0.000	0.000	0.000	0.000	0.000	1C.3
Investments - other	£m	3	0.013	0.000	0.000	0.000	0.013	1C.4
Financial instruments	£m	3	0.000	0.000	0.000	0.000	0.000	1C.5
Retirement benefit assets	£m	3	0.000	0.000	0.000	0.000	0.000	1C.6
Total non-current assets	£m	3	4,193.514	-701.125	0.000	-701.125	3,492.389	1C.7
Current assets								
Inventories	£m	3	6.256	0.000	0.000	0.000	6.256	1C.8
Trade & other receivables	£m	3	196.106	0.645	0.490	0.155	196.261	1C.9
Financial instruments	£m	3	130.000	0.000	0.000	0.000	130.000	1C.10
Cash & cash equivalents	£m	3	164.465	0.000	0.000	0.000	164.465	1C.11
Total current assets	£m	3	496.827	0.645	0.490	0.155	496.982	1C.12
Current liabilities								
Trade & other payables	£m	3	-225.507	42.408	0.000	42.408	-183.099	1C.13
Capex creditor	£m	3	0.000	-42.408	0.000	-42.408	-42.408	1C.14
Borrowings	£m	3	-15.948	0.000	0.000	0.000	-15.948	1C.15
Financial instruments	£m	3	0.000	0.000	0.000	0.000	0.000	1C.16
Current tax liabilities	£m	3	6.981	0.000	-0.074	0.074	7.055	1C.17
Provisions	£m	3	-1.901	0.000	0.000	0.000	-1.901	1C.18
Total current liabilities	£m	3	-236.375	0.000	-0.074	0.074	-236.301	1C.19
Net Current assets/(liabilities)	£m	3	260.452	0.645	0.416	0.229	260.681	1C.20
Non-current liabilities								
Trade & other payables	£m	3	-5.589	0.000	0.000	0.000	-5.589	1C.21
Borrowings	£m	3	-2,900.728	0.000	0.000	0.000	-2,900.728	1C.22
Financial instruments	£m	3	0.000	0.000	0.000	0.000	0.000	1C.23
Retirement benefit obligations	£m	3	-17.006	0.000	0.000	0.000	-17.006	1C.24
Provisions	£m	3	0.000	0.000	0.000	0.000	0.000	1C.25
Deferred income – grants & contributions	£m	3	-314.999	111.320	0.000	111.320	-203.679	1C.26
Deferred income - adopted assets	£m	3	0.000	-111.320	0.000	-111.320	-111.320	1C.27
Preference share capital	£m	3	0.000	0.000	0.000	0.000	0.000	1C.28
Deferred tax	£m	3	-579.188	175.118	0.000	175.118	-404.070	1C.29
Total non-current liabilities	£m	3	-3,817.510	175.118	0.000	175.118	-3,642.392	1C.30
Net assets	£m	3	636.456	-525.362	0.416	-525.778	110.678	1C.31
Equity								
Called up share capital	£m	3	0.000	0.000	0.000	0.000	0.000	1C.32
Retained earnings & other reserves	£m	3	636.456	-525.362	0.416	-525.778	110.678	1C.33
Total Equity	£m	3	636.456	-525.362	0.416	-525.778	110.678	1C.34

Pro forma 1D Wessex Water

Statement of cashflows for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments			Total appointed activities	RAG 4 reference
				Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Operating activities								
Operating profit	£m	3	111.227	1.987	0.189	1.798	113.025	1D.1
Other income	£m	3	0.000	5.909	0.000	5.909	5.909	1D.2
Depreciation	£m	3	140.494	-5.438	0.000	-5.438	135.056	1D.3
Amortisation – Grants & contributions	£m	3	0.000	-3.422	0.000	-3.422	-3.422	1D.4
Changes in working capital	£m	3	15.514	-0.004	-0.189	0.185	15.699	1D.5
Pension contributions	£m	3	0.000	-16.600	0.000	-16.600	-16.600	1D.6
Movement in provisions	£m	3	-16.519	16.600	0.000	16.600	0.081	1D.7
Profit on sale of fixed assets	£m	3	0.000	0.968	0.000	0.968	0.968	1D.8
Cash generated from operations	£m	3	250.716	0.000	0.000	0.000	250.716	1D.9
Net interest paid	£m	3	-67.854	0.000	0.000	0.000	-67.854	1D.10
Tax paid	£m	3	11.057	0.000	0.000	0.000	11.057	1D.11
Net cash generated from operating	£m	3	193.919	0.000	0.000	0.000	193.919	1D.12
Investing activities								
Capital expenditure	£m	3	-262.542	0.000	0.000	0.000	-262.542	1D.13
Grants & Contributions	£m	3	5.752	0.000	0.000	0.000	5.752	1D.14
Disposal of fixed assets	£m	3	2.178	0.000	0.000	0.000	2.178	1D.15
Other	£m	3	-130.000	0.000	0.000	0.000	-130.000	1D.16
Net cash used in investing activities	£m	3	-384.612	0.000	0.000	0.000	-384.612	1D.17
Net cash generated before financing activities	£m	3	-190.693	0.000	0.000	0.000	-190.693	1D.18
Cashflows from financing activities								
Equity dividends paid	£m	3	-69.850	0.000	0.000	0.000	-69.850	1D.19
Net loans received	£m	3	420.900	0.000	0.000	0.000	420.900	1D.20
Cash inflow from equity financing	£m	3	0.000	0.000	0.000	0.000	0.000	1D.21
Net cash generated from financing	£m	3	351.050	0.000	0.000	0.000	351.050	1D.22
Increase (decrease) in net cash	£m	3	160.357	0.000	0.000	0.000	160.357	1D.23

Pro forma 1E Wessex Water

Net debt analysis (appointed activities) at 31 March 2023

Line description	Units	DPs	Fixed rate	Floating rate	Index linked		Total	RAG 4 reference
					RPI	CPI/CPIH		
Interest rate risk profile								
Borrowings (excluding preference shares)	£m	3	1,490.169	517.981	908.525	0.000	2,916.675	1E.1
Preference share capital	£m	3	0.000				0.000	1E.2
Total borrowings	£m	3	1,490.169	517.981	908.525	0.000	2,916.675	1E.3
Cash	£m	3					-84.465	1E.4
Short term deposits	£m	3					-80.000	1E.5
Net Debt	£m	3					2,752.210	1E.6
Gearing								
Gearing	%	3					67.524%	1E.7
Adjusted Gearing	%	3					64.334%	1E.8
Interest								
Full year equivalent nominal interest cost	£m	3	56.068	24.800	94.389	0.000	175.257	1E.9
Full year equivalent cash interest payment	£m	3	56.068	24.800	17.699	0.000	98.567	1E.10
Indicative interest rates								
Indicative weighted average nominal interest rate	%	3	3.763%	4.788%	10.389%	0.000%	6.009%	1E.11
Indicative weighted average cash interest rate	%	3	3.763%	4.788%	1.948%	0.000%	3.379%	1E.12
Time to maturity								
Weighted average years to maturity	nr	3	8.767	4.964	27.214	0.000	13.838	1E.13

Section 1: Regulatory financial reporting

Pro forma 1F
Wessex Water

Financial flows for the 12 months ended 31 March 2023 and for the price review to date

Line description		12 months ended 31 March 2023						Average 2020-25						RAG 4 reference	
		Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity		
	Units	%			£m			%			£m				
	DPs	2			3			2			3				
Regulatory equity	£m	3	1327.621	1327.621	1086.308				1283.824	1283.824	1038.252				1F.1
Return on regulatory equity															
Return on regulatory equity	See Column Heading		3.91%	3.20%	3.91%	51.910	42.475	42.475	3.87%	3.13%	3.87%	49.684	40.180	40.180	1F.2
Financing															
Impact of movement from notional gearing	See Column Heading			0.71%	0.38%		9.435	4.170		0.74%	0.38%		9.504	4.077	1F.3
Gearing benefits sharing	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.4
Variance in corporation tax	See Column Heading			1.95%	2.39%		25.918	25.918		0.96%	1.17%		12.753	12.753	1F.5
Group relief	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.6
Cost of debt	See Column Heading			7.50%	10.31%		99.529	112.010		3.55%	4.86%		47.151	52.816	1F.7
Hedging instruments	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.8
Return on regulatory equity including Financing adjustments	See Column Heading		3.91%	13.36%	16.99%	51.910	177.357	184.573	3.87%	8.38%	10.28%	49.684	109.588	109.826	1F.9
Operational Performance															
Totex out / (under) performance	See Column Heading			-4.61%	-5.63%		-61.212	-61.212		-1.52%	-1.86%		-20.195	-20.195	1F.10
ODI out / (under) performance	See Column Heading			-0.08%	-0.10%		-1.128	-1.128		-0.02%	-0.02%		-0.231	-0.231	1F.11
C-Mex out / (under) performance	See Column Heading			0.13%	0.16%		1.786	1.786		0.10%	0.12%		1.269	1.269	1F.12
D-Mex out / (under) performance	See Column Heading			0.04%	0.05%		0.526	0.526		0.03%	0.04%		0.408	0.408	1F.13
Retail out / (under) performance	See Column Heading			-0.14%	-0.17%		-1.823	-1.823		-0.40%	-0.49%		-5.322	-5.322	1F.14
Other exceptional items	See Column Heading			0.02%	0.03%		0.285	0.285		0.03%	0.04%		0.450	0.450	1F.15
Operational performance total	See Column Heading			-4.64%	-5.67%		-61.566	-61.566		-1.78%	-2.17%		-23.621	-23.621	1F.16
RoRE (return on regulatory equity)	See Column Heading		3.91%	8.72%	11.32%	51.910	115.791	123.007	3.87%	6.60%	8.11%	49.684	85.967	86.205	1F.17
RCV growth	See Column Heading		12.00%	12.00%	12.00%	159.315	159.315	130.357	6.77%	6.77%	6.77%	86.915	86.915	70.290	1F.18
Voluntary sharing arrangements	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.19
Total shareholder return	See Column Heading		15.91%	20.72%	23.32%	211.225	275.106	253.364	10.64%	13.37%	14.88%	136.599	172.882	156.495	1F.20
Dividends															
Gross Dividend	See Column Heading		2.01%	4.46%	5.45%	26.685	59.163	59.163	2.01%	4.50%	5.56%	25.805	57.709	57.709	1F.21
Interest Receivable on Intercompany loans	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.22
Retained Value	See Column Heading		13.90%	16.27%	17.88%	184.539	215.943	194.201	8.63%	8.88%	9.32%	110.794	115.173	98.786	1F.23
Cash impact of 2015-20 performance adjustments															
Totex out / under performance	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.24
ODI out / under performance	See Column Heading			0.00%	0.00%		0.000	0.000		0.73%	0.90%		9.394	9.394	1F.25
Total out / under performance	See Column Heading			0.00%	0.00%		0.000	0.000		0.73%	0.90%		9.394	9.394	1F.26

Section 2: Price review and other segmental reporting

Land sales

During the year three plots of land were sold with total net proceeds of £0.720m. None of these were above the threshold for reporting such disposals to Ofwat. There were no qualifying disposals.

Retail

The table below shows actual retail operating costs as detailed in Table 2C, against those assumed in Ofwat’s Final Determination in 2019.

	Actual (£m)	Allowed (£m)
Household retail	30.8	28.7

Retail: household

This year our retail operating costs were higher than those set at the PR19 final determination. This is a reduction of £2.8m when compared to last year’s result of £33.6m. This includes the net effect of:

- a £3.2m reduction in doubtful debt and debt management costs to reflect the reduced uncertainty surrounding the impact of high inflation and unemployment rates on household disposable incomes
- a reduction of £1.9m in expenditure on customer side leaks allocated to Retail. This year we continued to evolve our classification of customer side leakage expenditure. We have now booked the entirety of our customer-side leak repair expenditure to wholesale Water Distribution (2C.28) as there is a clear link to a wholesale outcome, in this case leakage. The expenditure relates to activities comprising pipe repairs and replacement for customers who have received a leakage rebate on their bills. Once a leakage rebate has been given, that volume is accounted for within the top-down leakage calculation and when the pipe is repaired, we can see a clear benefit to the wholesale outcome
- an increase of £1.6m in customer service costs reflecting the increasing expectations of customers and dealing with customer enquiries during the heightened uncertainty.

We continue to expect to realise further efficiencies, in both debt collection and customer service expenditure as a result of implementing a new billing system over the coming years.

Alongside this our service continues to be amongst the best in the industry. The Consumer Council for Water (CCW) published data showing that we continue to receive the lowest number of written complaints (per 10,000 connected properties) of any water and sewerage company. We are the third water and sewerage company in the customer measure of experience (C-MeX).

Retail: non-household

We no longer operate in the retail non-household market.

Wholesale revenues

In 2022-23 we recovered £488.8m wholesale revenue against a final determination allowance of £499.4m; a shortfall of 2.1%. A breakdown of the variance against the final determination is shown in Figure 1.

Figure 1: Summary wholesale revenues

Section 2: Price review and other segmental reporting

Item	Water resources	Water Network Plus	Wastewater Network Plus	Bioresources	Total
Unit	£m	£m	£m	£m	£m
Allowed revenue	20.7	162.3	285.0	31.5	499.4
Variance in wholesale revenue	-0.4	-4.4	-9.3	3.3	-10.7
2022-23 recovered revenue	20.3	158.0	275.7	34.8	488.8

The significant reconciling items that caused the shortfall are summarised in Figure 2.

Figure 2: Significant reconciling items impacting wholesale revenues

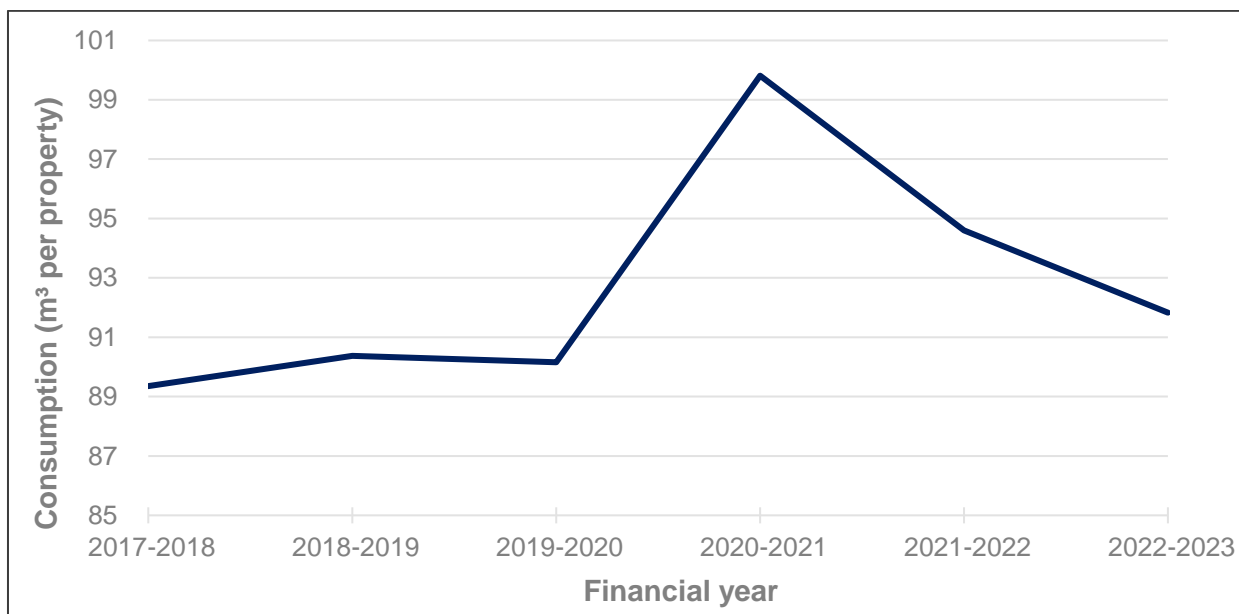
Item	Unit	Value	Item no.
Allowed revenue	£m	499.4	
<u>Significant reconciling items</u>			
Household consumption	£m	-3.7	1
Non-household consumption	£m	-1.8	2
Developer services activity	£m	-5.4	3
Other	£m	-0.2	
Actual revenue recovered	£m	488.8	

Each item will be examined in turn.

Item 1: Household consumption

Household consumption has fallen in 2022-23 to close to pre-covid levels as illustrated in Figure 3.

Figure 3: Average residential measured water consumption



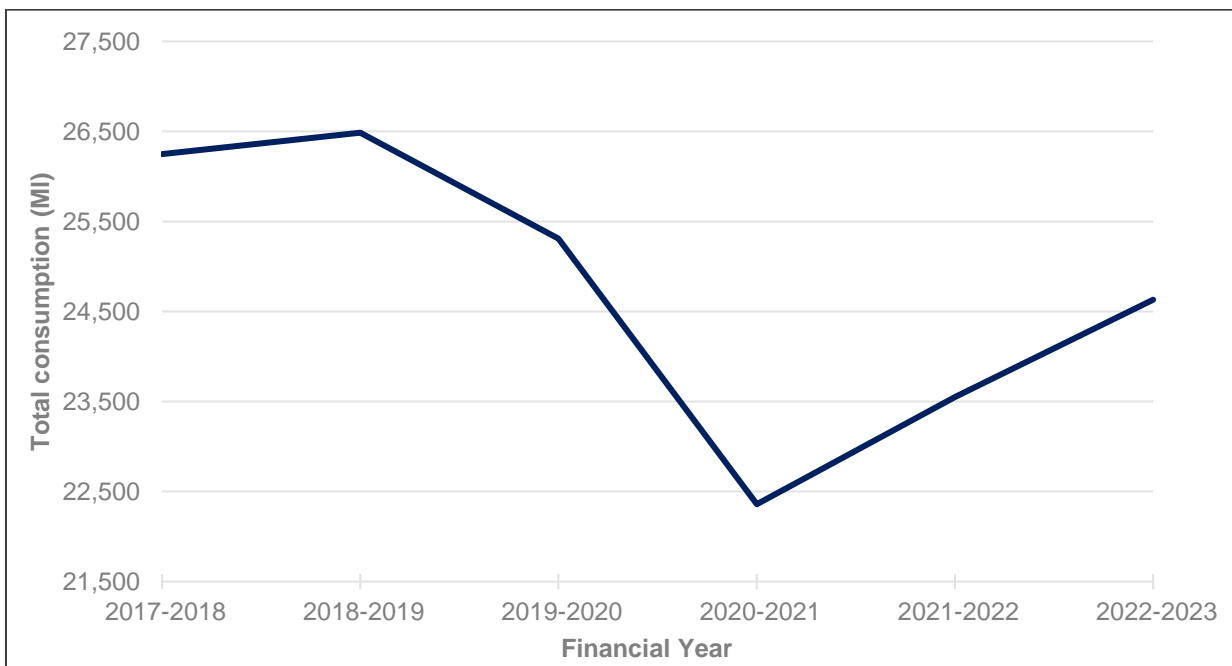
We had forecast, with more accepted flexible working arrangements, that household consumption would continue to be elevated following the Covid-19 pandemic. The fall in consumption was driven by our successful campaign to encourage people to use less water and they were motivated to do so through awareness of the summer drought and high energy prices, which encouraged more frugal use of hot water.

Item 2: Non-household consumption

Non-household water consumption has risen versus 2021-22 as shown in Figure 4.

Section 2: Price review and other segmental reporting

Figure 4: Non-household measured water total consumption



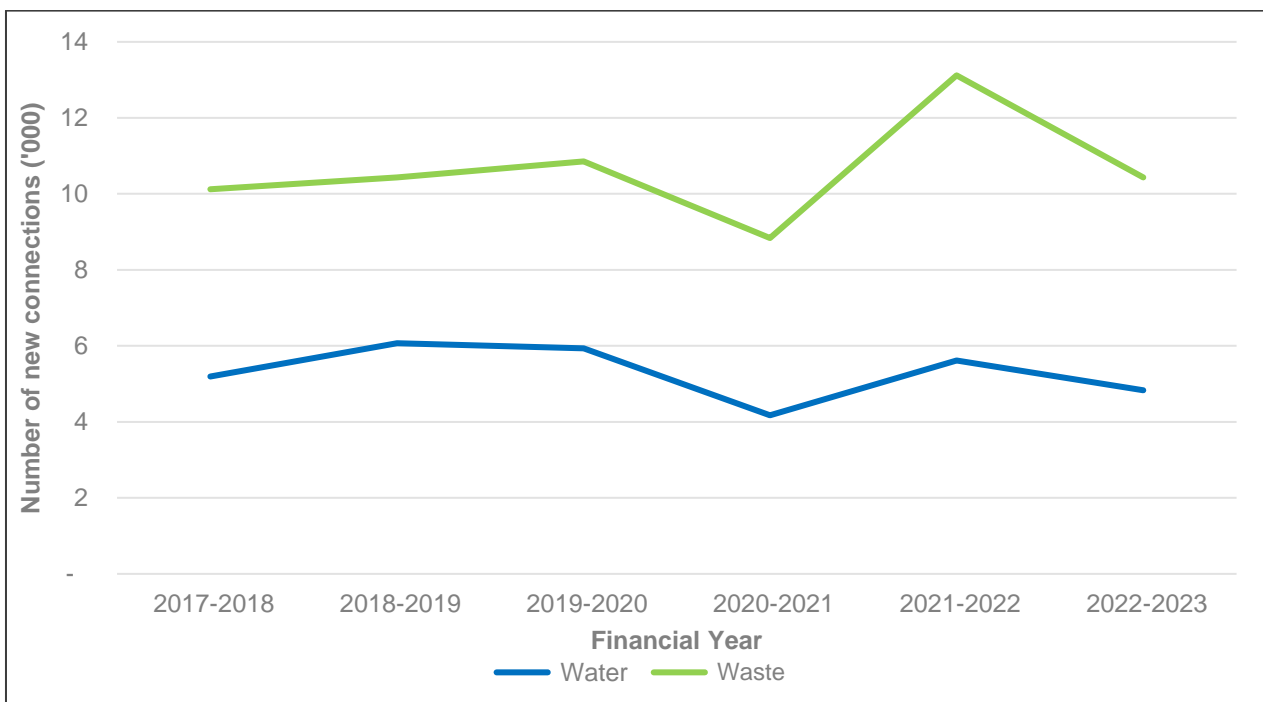
Although consumption has risen, we had forecast in our charges for a return closer to pre-pandemic levels, but this has not been the case. This is likely due to the economic slowdown as a result of the cost of living and energy crises.

Bioresources is showing a revenue over-recovery (compared to under-recovery on the other price controls) where we have seen continued subdued bioresources volumes leading to lower allowed revenues on the price control.

Item 3: Developer Services activity

There has been a shortfall on Developer Services revenue against our charges forecast and this is due to a reduction in activity and new connections in the year, as can be observed in Figure 5 below.

Figure 5: Number of new connections



Section 2: Price review and other segmental reporting

The reduction in activity can be attributed to a combination of a slowdown in construction in our region in response to the economic downturn and high inflation of costs of building materials.

Summary

We have seen significant downward pressure on our revenues as we successfully encouraged customers to use less water; they were spurred on to do so by awareness of the summer drought, high energy prices and cost of living crisis. Despite these significant challenges we have avoided water use restrictions in our region and only seen a 2.1% shortfall in revenues.

Social tariffs

The Company continues to offer a range of social tariffs at varying levels of support to ensure that those in need receive the assistance that they require. A breakdown is given in Figure 6 below.

Figure 6: Social tariff customer numbers 2022-23

Customer numbers	Unit	Assist	WaterSure	Discount for low-income pensioners	Total
Business plan forecast	nr	15,613	10,416	43,177	69,206
Actual	nr	17,479	8,646	23,095	49,221
Variance	nr	1,866	-1,770	-20,082	-19,985

We have seen an increase in numbers on all three social tariffs during 2022-23. Our performance on each tariff is detailed below.

Assist

Figure 7: Assist customer numbers AMP summary

	Unit	2020-21	2021-22	2022-23	2023-24 forecast	2024-25 forecast	AMP total forecast
Actual/updated forecast	nr	935	1,244	1,770	1,800	1,800	7,549
Business plan forecast	nr	900	900	900	900	900	4,500
Variance	nr	35	344	870	900	900	3,049

2022-23 has been our strongest year to date this AMP for adding customers on to Assist and we forecast this performance to continue for the remainder of the AMP. This outperformance is achieved mainly through the delivery of the initiatives set out in our vulnerability strategy, Every Customer Matters.

Although we may have expected the financial impact of Covid and the cost-of-living crisis to drive up volumes further on the tariff in 2020-21, 2021-22, and 2022-23 this has not been the case. We documented the reasons why Covid did not drive up volumes in previous years' commentary.

We are still expecting an uplift in help needed from customers due to the cost-of-living crisis and have put measures in place, working with our expert advisors and partners. Only in Quarter 4 (January through to March 2023) have we started to see an increase in customers seeking debt advice and applying for Assist.

In the winter months, there has been some protection due to the cost-of-living payments provided via energy companies and councils. And for many customers, dealing with debt is the last thing on their minds while they are living in moments of crisis.

Section 2: Price review and other segmental reporting

Debt advice agencies are seeing an increase in the demand for their services and an increase in the complexity of cases at a time when many are still struggling to get back to normal business operation post-Covid. Our debt advice partners in the early part of 2022-23 continued to have fewer resources as a result of the pandemic and new volunteers and debt advisers still need to be recruited and trained. There has also been more focus on providing advice to customers on energy bills and income maximisation than debt.

To counteract some of the challenges, raise awareness and increase uptake of our support we have been putting additional initiatives in place.

Extra debt advice funding

We invested an additional £160,000 into the sector. This is funding seven new projects which are a mix of additional debt adviser training courses, funding more adviser roles and hours, establishing new cost of living adviser roles and funding presence in warm spaces and other outreach.

Fast Track Assist

We launched a new approach for our main social tariff, Assist. We have made it easier and quicker to access the large discounts that Assist can provide. When a customer gets in touch, we will apply a discount of 50% immediately to their bill if Assist is felt to be the best option for their circumstances. They will then be asked to seek debt advice and once that has been done and we understand the correct level of discount needed, we will adjust the Assist band and backdate if required. We will only backdate in favour of the customer, not the other way around. This approach should give customers more peace of mind and our debt advice partners longer to carry out their holistic assessment. If the customer does not seek advice and complete an application for help (including a standard financial statement) within a year, we will revert them to standard charges.

Promotional activities

Affordability messaging is already very prominent on bills, in billing associated literature, on our website and we continually promote our support via our magazine, e-news articles and through more than 200 partners. In addition, we have:

- increased the messaging on our bills and on our website to highlight next year's expected bill rise, how customers can get help paying their bills and how they can also save water to save money
- carried out targeted social media messaging across our region using a cost of living/struggling to pay message which has been very successful
- provided promotional flyers to Baby Banks and used web banner advertising on Mumsnet as young families are one of the groups who are struggling most
- advertised on petrol pumps in deprived areas of our region
- provided editorial text to social landlords across our region to add to their magazines and newsletters
- included a double-spread cost-of-living article in our own autumn magazine
- promoted affordability support to Wessex Water colleagues, their friends and family during Talk Money Week
- funded some public living rooms in council areas and provided promotional flyers. Public living rooms are safe, warm spaces set up in community centres, church halls and some cafes where hot drinks, phone charging facilities and internet connection are provided for those most in need
- encouraged and enabled our many partners to promote our schemes through our PartnerHub post
- attended DWP and other organisations' cost of living events out in the community.

Building new partnerships

- Began data sharing with local councils so we can offer help to customers receiving support with their Council Tax. We are also exploring access to other council data such as blue badge holders and recipients of free school meals to help us identify where to target our engagement.

Section 2: Price review and other segmental reporting

- Working with local councils to support care leavers under 25 years old paying bills for the first time, potentially automatically applying an Assist tariff to their water bills.
- Working with our two energy distribution networks and Bristol Water to co-fund a project with the Royal Association for the Deaf (RAD). RAD will be signposting or registering customers in our region for Priority Services and/or affordability support through promotional literature, social media, community outreach events and home visits.
- Running a large pilot with Money Wellness who offer free confidential debt advice, budgeting tips and tools and access to financial wellbeing counselling. We are directly referring our customers to them for debt advice through a web portal and with consent can receive customer data back and support them with the right scheme.

We have seen an upturn in the general volume of applications from our advice partners towards the end of this financial year and consequently an uplift in the number of customers being added to Assist. We have had a small number of customers added to Fast Track Assist but these are not having a substantial impact on our overall performance.

Future forecasts

We expect to see an increase in numbers as all government support fully unwinds and the cost-of-living increases really start to affect household finances. We will continue to engage closely with our partners and expert advisers and are ready to vary our suite of support as and when required.

We believe our change to Assist, data sharing with councils, promotional activity, and improvements to the customer journey will all have a positive impact on the growth in Assist throughout 2023-24.

WaterSure

Figure 8: WaterSure customer numbers AMP summary

	Unit	2020-21	2021-22	2022-23	2023-24 forecast	2024-25 forecast	AMP total forecast
Actual/updated forecast	nr	883	-134	287	400	400	1,836
Business plan forecast	nr	700	700	700	700	700	3,500
Variance	nr	183	-834	-413	-300	-300	-1,664

We are behind our forecast for WaterSure this year. During 2020-21 we were more generous in the time given to customers to renew. A return to our normal renewals process had a knock-on impact into 2021-22 as more customers were removed from the scheme than we would expect in one year. This settled down in 2022-23 as we have caught up with the backlog and seen a slight uplift in the numbers on the tariff.

We have made some changes to our WaterSure process this year to make it easier for customers to renew. We introduced a simpler renewal process, including a new online self-service form.

Future forecasts

We hope that the changes we have made to simplify our process will continue to benefit us in 2023-24 and lead to an increase in the overall volume of customers on the tariff. We are also working with Kidney Care UK who will be promoting it to customers with chronic kidney disease due to their additional need for water.

Section 2: Price review and other segmental reporting

Discount for low-income pensioners

Figure 9: Discount for low-income pensioners customer numbers AMP summary

	Unit	2020-21	2021-22	2022-23	2023-24 forecast	2024-25 forecast	AMP total forecast
Actual/updated forecast	nr	1,432	648	1,268	6,000	6,000	15,348
Business plan forecast	nr	7,000	7,000	7,000	7,000	7,000	35,000
Variance	nr	-5,568	-6,352	-5,732	-1,000	-1,000	-19,652

The larger shortfall on discount for low-income pensioners this year versus forecast is partly because the pandemic has prevented us and our partners from actively engaging with our older customers to promote it. Many pensioners have been shielding or unable to speak to anyone face-to-face.

However, it is mainly because we were anticipating that data matching with the Department for Work and Pensions (DWP) would have been available to us much earlier in the AMP allowing us to directly move customers in receipt of pension credit on to our scheme. We were very pleased that we were able to finally sign contracts with the DWP in December 2022 and have now started to successfully do so.

Future forecasts

We continue to send data to the DWP and move matched customers on to our scheme. We are currently adding around 300 customers per month but would expect this number to increase as we become more effective in the data matching.

We have also now signed a data share agreement with a local council and have been able to identify 1,900 customers who are eligible for the scheme and a further 800 who may be. We are exploring data sharing in this way with the other councils across our region.

Comment from CCW

CCW have provided the following comment on our efforts to target financial support:

“The cost-of-living crisis has put significant strain on all households through 2022-23. In addition to Wessex Water’s ongoing commitment to excellent customer service, we welcome the additional measures that have been put into place to respond to the cost-of-living pressures and support more vulnerable customers, including work to fast-track customers onto the ‘Assist’ social tariff. The company have worked proactively with CCW on matters that are important to customers, including water affordability, and we look forward to continuing this collaborative work in the coming years.”

Summary

In summary, it has been our strongest year of this AMP for social tariff growth, mainly due to our efforts to support customers through our main social tariff, Assist, where customer growth has exceeded all targets. We have not seen the growth forecast in our business plan on our other social tariffs primarily because of the lack of DWP data sharing (until December 2022). We anticipate that our ongoing efforts to support vulnerable customers combined with DWP data sharing will mean our strong performance will continue in 2023-24 and 2024-25.

Section 2: Price review and other segmental reporting

Pro forma 2A

Wessex Water

Segmental income statement for the 12 months ended 31 March 2023

Line description	Units	DPs	Residential retail	Business retail	Water resources	Water Network+	Wastewater Network+	Bioresources	Additional Control	Total	RAG 4 reference
Revenue - price control	£m	3	33.693	0.000	20.330	152.647	272.117	34.777	0.000	513.564	2A.1
Revenue - non price control	£m	3	0.000	0.000	0.014	2.119	0.929	0.118	0.000	3.180	2A.2
Operating expenditure - excluding PU recharge impact	£m	3	-29.086	0.000	-14.023	-86.937	-112.290	-25.359	0.000	-267.695	2A.3
PU opex recharge	£m	3	-0.362	0.000	-0.209	-1.174	2.096	-0.351	0.000	0.000	2A.4
Operating expenditure - including PU recharge impact	£m	3	-29.448	0.000	-14.232	-88.111	-110.194	-25.710	0.000	-267.695	2A.5
Depreciation - tangible fixed assets	£m	3	-0.364	0.000	-3.202	-39.370	-71.931	-10.591	0.000	-125.458	2A.6
Amortisation - intangible fixed assets	£m	3	-0.640	0.000	-0.409	-2.965	-4.741	-0.843	0.000	-9.598	2A.7
Other operating income	£m	3	-0.032	0.000	-0.071	-0.438	-0.153	-0.274	0.000	-0.968	2A.8
Operating profit	£m	3	3.209	0.000	2.430	23.882	86.027	-2.523	0.000	113.025	2A.9
Surface water drainage rebates											
Surface water drainage rebates	£m	3								0.135	2A.10

Section 2: Price review and other segmental reporting

Pro forma 2B
Wessex Water

Totex analysis for the 12 months ended 31 March 2023 - wholesale

Line description	Units	DPs	Water resources	Water Network+	Wastewater Network+	Bioresources	Additional Control	Total	RAG 4 reference
Base operating expenditure									
Power	£m	3	4.844	10.912	31.670	2.599	0.000	50.025	2B.1
Income treated as negative expenditure	£m	3	-0.005	-0.080	-0.117	-5.020	0.000	-5.203	2B.2
Service charges/ discharge consents	£m	3	2.732	0.152	4.208	0.024	0.000	7.116	2B.3
Bulk Supply/Bulk discharge	£m	3	0.000	2.108	0.067	0.014	0.000	2.189	2B.4
Renewals expensed in year (Infrastructure)	£m	3	0.399	6.806	9.553	0.000	0.000	16.558	2B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.6
Other operating expenditure (including Location specific costs & obligations)	£m	3	3.850	48.565	50.790	25.928	0.000	129.133	2B.7
Local authority and Cumulo rates	£m	3	0.974	14.994	7.148	1.614	0.000	24.730	2B.8
Total base operating expenditure	£m	3	12.793	83.277	103.319	25.159	0.000	224.548	2B.9
Other operating expenditure									
Enhancement operating expenditure	£m	3	0.702	1.948	5.965	0.551	0.000	9.164	2B.10
Developer services operating expenditure	£m	3	0.000	2.496	0.351	0.000	0.000	2.847	2B.11
Total operating expenditure excluding third party services	£m	3	13.495	87.719	109.635	25.710	0.000	236.559	2B.12
Third party services	£m	3	0.737	0.392	0.556	0.000	0.000	1.685	2B.13
Total operating expenditure	£m	3	14.232	88.111	110.191	25.710	0.000	238.244	2B.14
Grants and contributions									
Grants and contributions - operating expenditure	£m	3	0.000	2.219	0.995	0.000	0.000	3.214	2B.15
Capital expenditure									
Base capital expenditure	£m	3	2.374	46.856	70.204	22.657	0.000	142.091	2B.16
Enhancement capital expenditure	£m	3	1.824	11.674	91.369	1.215	0.000	106.082	2B.17
Developer services capital expenditure	£m	3	0.000	4.571	4.767	0.000	0.000	9.338	2B.18
Total gross capital expenditure excluding third party services	£m	3	4.198	63.101	166.340	23.872	0.000	257.511	2B.19
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.20
Total gross capital expenditure	£m	3	4.198	63.101	166.340	23.872	0.000	257.511	2B.21
Grants and contributions									
Grants and contributions - capital expenditure	£m	3	0.000	3.113	2.638	0.000	0.000	5.751	2B.22
Net totex	£m	3	18.430	145.880	272.898	49.582	0.000	496.790	2B.23
Cash expenditure									
Pension deficit recovery payments	£m	3	0.807	6.348	7.248	2.197	0.000	16.600	2B.24
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.25
Totex including cash items	£m	3	19.237	152.228	280.146	51.779	0.000	503.390	2B.26

Section 2: Price review and other segmental reporting

Pro forma 2C Wessex Water

Cost analysis for the 12 months ended 31 March 2023 - retail

Line description	Units	DPs	Residential	Business	Total	RAG 4 reference
Operating expenditure						
Customer services	£m	3	8.699	0.000	8.699	2C.1
Debt management	£m	3	2.669	0.000	2.669	2C.2
Doubtful debts	£m	3	13.122	0.000	13.122	2C.3
Meter reading	£m	3	1.420	0.000	1.420	2C.4
Services to developers	£m	3	0.000	0.000	0.000	2C.5
Other operating expenditure	£m	3	3.468	0.000	3.468	2C.6
Local authority and Cumulo rates	£m	3	0.070	0.000	0.070	2C.7
Total operating expenditure excluding third party services	£m	3	29.448	0.000	29.448	2C.8
Depreciation						
Depreciation (tangible fixed assets) on assets existing at 31 March 2015	£m	3	0.117	0.000	0.117	2C.9
Depreciation (tangible fixed assets) on assets acquired after 1 April 2015	£m	3	0.247	0.000	0.247	2C.10
Amortisation (intangible fixed assets) on assets existing at 31 March 2015	£m	3	0.105	0.000	0.105	2C.11
Amortisation (intangible fixed assets) on assets acquired after 1 April 2015	£m	3	0.535	0.000	0.535	2C.12
Recharges						
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	£m	3	0.036	0.000	0.036	2C.13
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	£m	3	0.000	0.000	0.000	2C.14
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	£m	3	0.326	0.000	0.326	2C.15
Income from wholesale assets acquired after 1 April 2015 principally used by retail	£m	3	0.000	0.000	0.000	2C.16
Net recharges costs	£m	3	0.362	0.000	0.362	2C.17
Total retail costs excluding third party and pension deficit repair costs	£m	3	30.814	0.000	30.814	2C.18
Third party services operating expenditure	£m	3	0.000	0.000	0.000	2C.19
Pension deficit repair costs	£m	3	0.000	0.000	0.000	2C.20
Total retail costs including third party and pension deficit repair costs	£m	3	30.814	0.000	30.814	2C.21
Debt written off						
Debt written off	£m	3	14.723	0.000	14.723	2C.22
Capital expenditure						
Capital expenditure	£m	3	3.716	0.000	3.716	2C.23
Other operating expenditure includes the net retail expenditure for the following household retail activities which are part funded by wholesale						
Demand-side water efficiency - gross expenditure	£m	3	0.180			2C.24
Demand-side water efficiency - expenditure funded by wholesale	£m	3	0.180			2C.25
Demand-side water efficiency - net retail expenditure	£m	3	0.000			2C.26
Customer-side leak repairs - gross expenditure	£m	3	3.687			2C.27
Customer-side leak repairs - expenditure funded by wholesale	£m	3	3.687			2C.28
Customer-side leak repairs - net retail expenditure	£m	3	0.000			2C.29
Comparison of actual and allowed expenditure						
Cumulative actual retail expenditure to reporting year end	£m	3	99.808			2C.30
Cumulative allowed expenditure to reporting year end	£m	3	83.093			2C.31
Total allowed expenditure 2020-25	£m	3	141.788			2C.32

Section 2: Price review and other segmental reporting

Pro forma 2D
Wessex Water

Historic cost analysis of tangible fixed assets at 31 March 2023

Line description	Units	DPs	Residential Retail	Business Retail	Water resources	Water Network+	Wastewater Network+	Bioresources	Additional Control	Total	RAG 4 reference
Cost											
At 1 April 2022	£m	3	24.584	0.000	109.642	1,502.484	2,975.222	287.691	0.000	4,899.623	2D.1
Disposals	£m	3	-1.207	0.000	-10.614	-8.185	-18.903	-3.818	0.000	-42.727	2D.2
Additions	£m	3	0.216	0.000	4.632	63.126	158.188	22.958	0.000	249.120	2D.3
Adjustments	£m	3	0.000	0.000	-0.071	-0.679	-0.750	1.500	0.000	0.000	2D.4
Assets adopted at nil cost	£m	3	0.000	0.000	0.000	0.000	5.374	0.000	0.000	5.374	2D.5
At 31 March 2023	£m	3	23.593	0.000	103.589	1,556.746	3,119.131	308.331	0.000	5,111.390	2D.6
Depreciation											
At 1 April 2022	£m	3	-14.164	0.000	-50.022	-400.850	-982.813	-135.508	0.000	-1,583.357	2D.7
Disposals	£m	3	1.175	0.000	10.470	7.266	17.167	3.454	0.000	39.532	2D.8
Adjustments	£m	3	0.000	0.000	0.047	0.349	0.517	-0.913	0.000	0.000	2D.9
Charge for year	£m	3	-0.364	0.000	-3.202	-39.370	-71.931	-10.591	0.000	-125.458	2D.10
At 31 March 2023	£m	3	-13.353	0.000	-42.707	-432.605	-1,037.060	-143.558	0.000	-1,669.283	2D.11
Net book amount at 31 March 2023	£m	3	10.240	0.000	60.882	1,124.141	2,082.071	164.773	0.000	3,442.107	2D.12
Net book amount at 1 April 2022	£m	3	10.420	0.000	59.620	1,101.634	1,992.409	152.183	0.000	3,316.266	2D.13
Depreciation charge for year											
Principal services	£m	3	-0.364	0.000	-3.202	-39.370	-71.931	-10.591	0.000	-125.458	2D.14
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2D.15
Total	£m	3	-0.364	0.000	-3.202	-39.370	-71.931	-10.591	0.000	-125.458	2D.16

Section 2: Price review and other segmental reporting

Pro forma 2E
Wessex Water

Analysis of 'grants and contributions' for the 12 months ended 31 March 2023 - water resources, water network+ and

Line description	Units	DPs	Fully recognised in income statement	Capitalised and amortised (in income statement)	Fully netted off capex	Total	RAG 4 reference
Grants and contributions - water resources							
Diversions - s185	£m	3	0.000	0.000	0.000	0.000	2E.1
Other contributions (price control)	£m	3	0.000	0.000	0.000	0.000	2E.2
Price control grants and contributions	£m	3	0.000	0.000	0.000	0.000	2E.3
Diversions - NRSWA	£m	3	0.000	0.000	0.000	0.000	2E.4
Diversions - other non-price control	£m	3	0.000	0.000	0.000	0.000	2E.5
Other contributions (non-price control)	£m	3	0.000	0.000	0.000	0.000	2E.6
Total grants and contributions	£m	3	0.000	0.000	0.000	0.000	2E.7
Value of adopted assets	£m	3	0.000	0.000		0.000	2E.8
Grants and contributions - water network+							
Connection charges	£m	3	2.018	0.000	0.000	2.018	2E.9
Infrastructure charge receipts – new connections	£m	3	0.000	1.136	0.000	1.136	2E.10
Requisitioned mains	£m	3	0.000	2.289	0.000	2.289	2E.11
Diversions - s185	£m	3	0.178	0.000	0.000	0.178	2E.12
Other contributions (price control)	£m	3	0.000	0.013	0.000	0.013	2E.13
Price control grants and contributions before deduction of income offset	£m	3	2.196	3.438	0.000	5.634	2E.14
Income offset	£m	3	0.000	0.325	0.000	0.325	2E.15
Price control grants and contributions after deduction of income offset	£m	3	2.196	3.113	0.000	5.309	2E.16
Diversions - NRSWA	£m	3	0.023	0.000	0.000	0.023	2E.17
Diversions - other non-price control	£m	3	0.000	0.000	0.000	0.000	2E.18
Other contributions (non-price control)	£m	3	0.000	0.000	0.000	0.000	2E.19
Total grants and contributions	£m	3	2.219	3.113	0.000	5.332	2E.20
Value of adopted assets	£m	3	0.000	0.000		0.000	2E.21
Grants and contributions - wastewater network+							
Receipts for on-site work	£m	3	0.788	-0.121	0.000	0.667	2E.22
Infrastructure charge receipts – new connections	£m	3	0.000	1.482	0.000	1.482	2E.23
Diversions - s185	£m	3	0.067	0.000	0.000	0.067	2E.24
Other contributions (price control)	£m	3	0.140	1.482	0.000	1.622	2E.25
Price control grants and contributions before deduction of income offset	£m	3	0.995	2.843	0.000	3.838	2E.26
Income offset	£m	3	0.000	0.250	0.000	0.250	2E.27
Price control grants and contributions after deduction of income offset	£m	3	0.995	2.593	0.000	3.588	2E.28
Diversions - NRSWA	£m	3	0.000	0.000	0.000	0.000	2E.29
Diversions - other non-price control	£m	3	0.000	0.000	0.000	0.000	2E.30
Other Contributions (non-price control)	£m	3	0.000	0.045	0.000	0.045	2E.31
Total grants and contributions	£m	3	0.995	2.638	0.000	3.633	2E.32
Value of adopted assets	£m	3	0.000	5.374		5.374	2E.33
Movements in capitalised grants and contributions							
b/f	£m	3	0.000	69.927	130.306	200.233	2E.34
Capitalised in year	£m	3	0.000	3.113	2.638	5.751	2E.35
Amortisation (in income statement)	£m	3	0.000	-0.745	-1.560	-2.305	2E.36
c/f	£m	3	0.000	72.295	131.384	203.679	2E.37

Pro forma 2F Wessex Water

Residential retail for the 12 months ended 31 March 2023

Line description	Revenue	Number of customers	Average residential revenues	RAG 4 reference
Units	£m	000s	£	
DPs	3	3	3	
Residential revenue				
Wholesale revenue	377.615			2F.1
Retail revenue	33.693			2F.2
Total residential revenue	411.308			2F.3
Retail revenue				
Revenue Recovered ("RR")	33.693			2F.4
Revenue sacrifice	0.000			2F.5
Actual revenue (net)	33.693			2F.6
Customer information				
Actual customers ("AC")		1,245.563		2F.7
Reforecast customers		1,259.502		2F.8
Adjustment				
Allowed revenue ("R")	35.486			2F.9
Net adjustment	1.793			2F.10
Other residential information				
Average household retail revenue per customer			27.050	2F.11

Section 2: Price review and other segmental reporting

Pro forma 2I
Wessex Water

Revenue analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Household	Non-household	Total	Water resources	Water network+	Total	RAG 4 reference
Wholesale charge - water									
Unmeasured	£m	3	45.423	1.491	46.914	5.526	41.388	46.914	2I.1
Measured	£m	3	80.626	45.053	125.679	14.804	110.875	125.679	2I.2
Third party revenue	£m	3	0.000	0.384	0.384	0.000	0.384	0.384	2I.3
Total wholesale water revenue	£m	3	126.049	46.928	172.977	20.330	152.647	172.977	2I.4
Wholesale charge - wastewater									
Unmeasured - foul charges	£m	3	77.571	1.712	79.283	70.268	9.015	79.283	2I.5
Unmeasured - surface water charges	£m	3	8.017	0.183	8.200	7.268	0.932	8.200	2I.6
Unmeasured - highway drainage charges	£m	3	7.762	0.170	7.932	7.030	0.902	7.932	2I.7
Measured - foul charges	£m	3	122.959	46.861	169.820	150.510	19.310	169.820	2I.8
Measured - surface water charges	£m	3	17.487	2.717	20.204	17.907	2.297	20.204	2I.9
Measured - highway drainage charges	£m	3	17.770	2.638	20.408	18.087	2.321	20.408	2I.10
Third party revenue	£m	3	0.000	1.047	1.047	1.047	0.000	1.047	2I.11
Total wholesale wastewater revenue	£m	3	251.566	55.328	306.894	272.117	34.777	306.894	2I.12
Wholesale charge - Additional Control									
Unmeasured	£m	3	0.000	0.000	0.000				2I.13
Measured	£m	3	0.000	0.000	0.000				2I.14
Total wholesale additional control revenue	£m	3	0.000	0.000	0.000				2I.15
Wholesale Total	£m	3	377.615	102.256	479.871				2I.16
Retail revenue									
Unmeasured	£m	3	8.723	0.000	8.723				2I.17
Measured	£m	3	24.970	0.000	24.970				2I.18
Retail third party revenue	£m	3	0.000	0.000	0.000				2I.19
Total retail revenue	£m	3	33.693	0.000	33.693				2I.20
Third party revenue - non-price control									
Bulk supplies - water	£m	3			0.347				2I.21
Bulk supplies - wastewater	£m	3			0.607				2I.22
Other third-party revenue - non price control	£m	3			1.518				2I.23
Principal services - non-price control									
Other appointed revenue	£m	3			0.705				2I.24
Total appointed revenue	£m	3			516.741				2I.25

Pro forma 2J

Wessex Water

Infrastructure network reinforcement costs for the 12 months ended 31 March 2023

Line description	Units	DPs	Network reinforcement capex	On site / site specific capex (memo only)	RAG 4 reference
Wholesale water network+ (treated water distribution)					
Distribution and trunk mains	£m	3	0.834	3.697	2J.1
Pumping and storage facilities	£m	3	0.000	0.034	2J.2
Other	£m	3	0.000	0.000	2J.3
Total	£m	3	0.834	3.731	2J.4
Wholesale wastewater network+ (sewage collection)					
Foul and combined systems	£m	3	0.840	2.895	2J.5
Surface water only systems	£m	3	0.141	0.595	2J.6
Pumping and storage facilities	£m	3	0.469	0.021	2J.7
Other	£m	3	0.000	0.000	2J.8
Total	£m	3	1.450	3.511	2J.9

Pro forma 2K

Wessex Water

Infrastructure charges reconciliation for the 12 months ended 31 March 2023

Line description	Units	DPs	Water	Wastewater	Total	RAG 4 reference
Impact of infrastructure charge discounts						
Infrastructure charges	£m	3	1.136	1.482	2.618	2K.1
Discounts applied to infrastructure charges	£m	3	0.000	0.000	0.000	2K.2
Gross Infrastructure charges	£m	3	1.136	1.482	2.618	2K.3
Comparison of revenue and costs						
Variance brought forward	£m	3	2.603	-11.522	-8.919	2K.4
Revenue	£m	3	1.136	1.482	2.618	2K.5
Costs	£m	3	-0.834	-1.450	-2.284	2K.6
Variance carried forward	£m	3	2.905	-11.490	-8.585	2K.7

Pro forma 2L

Wessex Water

Analysis of land sales for the 12 months ended 31 March 2023

Line description	Units	DPs	Water resources	Water Network+	Wastewater Network+	Additional control	Total	RAG 4 reference
Land sales – proceeds from disposals of protected land	£m	3	0.073	0.573	0.074	0.000	0.720	2L.1

Section 2: Price review and other segmental reporting

Pro forma 2M

Wessex Water

Revenue reconciliation for the 12 months ended 31 March 2023 - wholesale

Line description	Units	DPs	Water resources	Water network+	Wastewater network+	Bioresources	Additional Control	Total	RAG 4 reference
Revenue recognised									
Wholesale revenue governed by price control	£m	3	20.330	152.647	272.117	34.777	0.000	479.871	2M.1
Grants & contributions (price control)	£m	3	0.000	5.309	3.588	0.000	0.000	8.897	2M.2
Total revenue governed by wholesale price control	£m	3	20.330	157.956	275.705	34.777	0.000	488.768	2M.3
Calculation of the revenue cap									
Allowed wholesale revenue before adjustments (or modified by CMA)	£m	3	20.428	158.257	271.988	32.961	0.000	483.634	2M.4
Allowed grants & contributions before adjustments (or modified by CMA)	£m	3	0.000	5.671	11.074	0.000	0.000	16.745	2M.5
Revenue adjustment	£m	3	0.288	-1.622	1.900	-1.500	0.000	-0.934	2M.6
Other adjustments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2M.7
Revenue cap	£m	3	20.716	162.306	284.962	31.461	0.000	499.445	2M.8
Calculation of the revenue imbalance									
Revenue cap	£m	3	20.716	162.306	284.962	31.461	0.000	499.445	2M.9
Revenue Recovered	£m	3	20.330	157.956	275.705	34.777	0.000	488.768	2M.10
Revenue imbalance	£m	3	0.386	4.350	9.257	-3.316	0.000	10.677	2M.11

Section 2: Price review and other segmental reporting

Pro forma 2N

Wessex Water

Residential retail - social tariffs

Line description	Revenue	Number of customers	Average amount per customer	RAG 4 reference
	£m	000s	£	
Units				
DPS	3	3	3	
Number of residential customers on social tariffs				
Residential water only social tariffs customers		0.599		2N.1
Residential wastewater only social tariffs customers		26.187		2N.2
Residential dual service social tariffs customers		22.434		2N.3
Number of residential customers not on social tariffs				
Residential water only no social tariffs customers		41.040		2N.4
Residential wastewater only no social tariffs customers		640.147		2N.5
Residential dual service no social tariffs customers		515.156		2N.6
Social tariff discount				
Average discount per water only social tariffs customer			95.092	2N.7
Average discount per wastewater only social tariffs customer			141.177	2N.8
Average discount per dual service social tariffs customer			236.423	2N.9
Social tariff cross-subsidy - residential customers				
Total customer funded cross-subsidies for water only social tariffs customers	0.057			2N.10
Total customer funded cross-subsidies for wastewater only social tariffs customers	3.697			2N.11
Total customer funded cross-subsidies for dual service social tariffs customers	5.304			2N.12
Average customer funded cross-subsidy per water only social tariffs customer			1.369	2N.13
Average customer funded cross-subsidy per wastewater only social tariffs customer			5.548	2N.14
Average customer funded cross-subsidy per dual service social tariffs customer			9.866	2N.15
Social tariff cross-subsidy - company				
Total revenue forgone by company to fund cross-subsidies for water only social tariffs	0.000			2N.16
Total revenue forgone by company to fund cross-subsidies for wastewater only social tariffs customers	0.000			2N.17
Total revenue forgone by company to fund cross-subsidies for dual service social tariffs	0.000			2N.18
Average revenue forgone by company to fund cross-subsidy per water only social tariffs			0.000	2N.19
Average revenue forgone by company to fund cross-subsidy per wastewater only social tariffs customer			0.000	2N.20
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer			0.000	2N.21
Social tariff support - willingness to pay				
Level of support for social tariff customers reflected in business plan			7.890	2N.22
Maximum contribution to social tariffs supported by customer engagement			7.420	2N.23

Pro forma 20

Wessex Water

Historic cost analysis of intangible fixed assets

Line description	Units	DPs	Residential Retail	Business Retail	Water Resources	Water Network+	Wastewater Network+	Bioresources	Additional Control	Total	RAG 4 reference
Cost											
At 1 April 2022	£m	3	15.875	0.000	3.652	25.178	36.437	4.914	0.000	86.056	20.1
Disposals	£m	3	0.000	0.000	-0.191	-1.327	-1.486	-0.425	0.000	-3.429	20.2
Additions	£m	3	4.096	0.000	0.263	2.655	3.243	0.447	0.000	10.704	20.3
Adjustments	£m	3	-0.009	0.000	-0.152	-1.065	1.429	-0.203	0.000	0.000	20.4
Assets adopted at nil cost	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.5
At 31 March 2023	£m	3	19.962	0.000	3.572	25.441	39.623	4.733	0.000	93.331	20.6
Amortisation											
At 1 April 2022	£m	3	-2.722	0.000	-1.667	-11.925	-18.018	-2.535	0.000	-36.867	20.7
Disposals	£m	3	0.000	0.000	0.191	1.300	1.487	0.425	0.000	3.403	20.8
Adjustments	£m	3	0.009	0.000	0.152	1.065	-1.429	0.203	0.000	0.000	20.9
Charge for year	£m	3	-0.640	0.000	-0.409	-2.965	-4.741	-0.843	0.000	-9.598	20.10
At 31 March 2023	£m	3	-3.353	0.000	-1.733	-12.525	-22.701	-2.750	0.000	-43.062	20.11
Net book amount at 31 March	£m	3	16.609	0.000	1.839	12.916	16.922	1.983	0.000	50.269	20.12
Net book amount at 1 April 2022	£m	3	13.153	0.000	1.985	13.253	18.419	2.379	0.000	49.189	20.13
Amortisation for year											
Principal services	£m	3	-0.640	0.000	-0.409	-2.965	-4.741	-0.843	0.000	-9.598	20.14
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.15
Total	£m	3	-0.640	0.000	-0.409	-2.965	-4.741	-0.843	0.000	-9.598	20.16

Section 3: Performance summary

Outcomes

Extreme weather has continued to be a significant factor we have had to mitigate in delivering our services to our customers, communities, and the environment. We are very proud of our teams who have worked under extreme conditions to maintain and often improve our performance overall and limit the negative impacts on the delivery of our outcomes this year.

The majority of the reporting year was, according to the Met Office, the warmest since records began in 1884 and the joint hottest summer on record, which led to peak summer demands. Rainfall during the last six months of the year was 130% of the long-term average (LTA); November 166%, December 121%, January 132%, and March 235% of LTA.

The volatility was reflected in February being the driest for 30 years, followed by the wettest March for more than 40 years. During the latter part of the year, we also saw a series of freeze/thaw events which affected leakage as well as treatment work site performance.

There remains only a 'ripple-effect' from Covid, most significantly seen in the three-year average household water use (per capita consumption). Other geo-political issues such as the conflict in Ukraine, the UK economic conditions and world-wide supply chain constraints are resulting in above inflation cost increases and longer procurement lead times. These put an overall stress on delivering capital investments over a number of years but are not immediately reflected in a single year performance. We continue to manage these risks and limit the impact on meeting our obligations to 2025.

Summary of performance

Category	Target met or exceeded	Target not met - within deadband	Target not met	No target	Totals
Common PCs	8	2	3	-	13
Bespoke PCs	23	-	9	1	33
Totals	31	2	12	1	46

While our overall progress across the performance commitments is better than last year, our performance has dipped against the following common PCs:

- pollution incidents – affected by low water levels in the summer and through increased monitoring identifying additional incidents
- mains repairs – increased leakage breakout in the long, dry summer and following severe winter cold snaps
- treatment works compliance – a good performance within the agreed deadband.

We are pleased to have maintained an improving position across a number of PCs, most notably supply interruptions, leakage and unplanned outage.

We confirm that appropriate third-party assurance has been carried out on our reported 2022-23 financial PCs. Please see our report from our technical assurance provider.

We have provided additional technical detail to support our reported out- and underperformance payments in the Section 3 commentary document covering tables 3A – 3I.

Outcome: Affordable bills

The four PCs that comprise our affordable bills outcome are all bespoke commitments.

Ensuring effective billing of all properties in our region leads to fairer charging and lower bills for customers already being billed.

Supporting low-income customers and making charges more affordable for them has never been more important than in the current cost-of-living crisis.

In 2022-23 we met three of the four targeted PCs.

A1– BILL REDUCTION TO CUSTOMERS ON SOCIAL TARIFFS (£ total per year)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
74,606	72,723	61,133

The total bill reduction to customers on social tariffs per 10,000 households has risen this year from £61,133 to £72,723. We have missed our target for the year of £74,606 and will incur a penalty of £24,483.

We have not seen the overall growth on social tariffs in 2022-23 as expected. This was mainly due to a shortfall in numbers on discount for low-income pensioners because of the lack of the DWP data matching until December 2022. Although we are behind where we would like to be on this, and to some extent WaterSure, we are exceeding our forecasts on Assist. In practical terms, this compensates for the bigger shortfall because Assist offers more targeted support.

At present, high inflation has largely negated the impact of the final bill charges and the targeted reductions.

A2 – SUCCESSFUL APPLICATIONS FOR FINANCIAL ASSISTANCE (nr)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
2,300	2,474	1,977

The numbers of successful applications increased in 2022-23 although they are still not at the levels expected given the financial impact of Covid and the cost-of-living crisis over the last three years.

We are still expecting a further uplift in demand and have been putting additional initiatives in place, including extra debt advice funding; launching a new approach for our main social tariff, Assist and increasing our affordability messaging.

The incentive for this PC is reputational.

A3 – VOID SITES (% of households)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
2.00	1.72	1.70

Reducing the number of void sites, which are occupied but not billed, ensures that all customers are charged fairly for their usage. This PC has again been exceeded in 2022-23 as last year, with some new processes introduced including Land Registry searches to identify owners of void properties with consumption >10m³; review of shared occupancy data with Bournemouth Water; and an increased number of void visits, and the introduction of void profiling enabling selection of the most effective void strategy by postcode area.

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Our performance in 2022-23 earned an outperformance payment of £540,680.

A4- GAP SITES (nr)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
112	115	113

Identifying and adding gap sites to our billing system also ensures customers are charged fairly for the water they use. We outperformed this PC again in 2022-23 by three sites, earning a reward of £435.

Outcome: Excellent service for customers

Two of the three PCs – C-MeX and D-MeX – are common metrics for the industry.

Our customers and communities are at the heart of our business, and we aspire to excellent customer service and continuous improvement.

X1 – C-MEX (customer measure of experience)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
-	82.99	84.82

C-MeX is Ofwat's lead measure for household customers. In 2022-23 we scored 82.99 (score out of 100), placing us third out of all 17 water companies and second of the water and sewerage companies.

While our score this year has reduced from last year it remains well above the average for the industry at 79.08.

X2 – D-MEX (developer measure of experience)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
-	89.89	89.65

Our score for D-MeX in 2022-23 is 89.89 (out of 100) which places it in the industry upper quartile, and the second large WaSC. This is marginally higher than last year and reflects our continued focus on serving developments and developers across our region.

Both the measures of experience PCs have a financial incentive and Ofwat will determine our out/underperformance payment based on comparative industry performance after the annual reporting.

X3 – VALUE FOR MONEY (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
81	79	76

79% of customers interviewed in the CCW Water Matters survey felt Wessex Water provided good value for money. Although an improvement on last year we have again not met the targeted performance in year.

The raw data from this survey is unavailable currently as CCW have not yet published their research. It is therefore not possible to gather any true insight into the results at this time, although we identified last year that the cost-of-living crisis,

Section 3: Performance summary

rising inflation and the public focus on utility bills and the sector is likely to have an impact again this year. We will review CCW's Water Matters report when it is published later this year to obtain a wider industry view.

This PC has a reputational incentive.

Outcome: Better relationships with customers and communities

Priority services for customers in vulnerable circumstances is a common metric across the industry to ensure minimum standards for all companies for the number of households registered on the Priority Services Register (PSR) and for continuous review of data held.

The PC measures the PSR reach; the percentage of households where contact has been attempted over a two-year period and the percentage where contact has been successful in that period. The incentive is reputational.

C1 -PRIORITY SERVICES FOR CUSTOMERS (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
4.9	6.1	4.0

In 2022-23 we exceeded the target despite further delays with the national data share between the water and energy industries. We have increased the number of households on our Priority Services Register by 55%, largely through the delivery of the various initiatives set out in Every Customer Matters, our vulnerability strategy; the one-way data share we had in place with energy distribution companies; and streamlining processes for sign-ups by our colleagues over the phone and while out visiting customers' homes.

C1 - PSR ATTEMPTED CONTACT IN 2 YEARS (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
90.0	90.8	91.6

C1 - PSR MADE CONTACT WITHIN 2 YEARS (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
35.0	54.8	55.0

Companies need to keep their Priority Services Register up to date so it accurately reflects the needs of customers, through regular contact with those customers who have been on the register for two years or more. We have also exceeded the target for these two elements with 90.8% attempted contact, and 54.8% actual contact versus the targets of 90% and 35% respectively.

C2 – DELIVERING FOR CUSTOMERS IN VULNERABLE CIRCUMSTANCES		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
Maintain	Maintained	Maintained

As of 31 March 2023, we have both a certification of compliance for the British Standard BS18477 and certification for the Customer Service Excellence Award.

The auditor of BS18477 stated "The company continue to improve the delivery of this standard, demonstrated in a number of ways and no non-conformances, isolated incidents or opportunities for improvement were noted."

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The auditor for the Customer Service Excellence Award summarised that, “Wessex Water continues to show its commitment to excellent customer services and continuous improvement and a culture of always wanting to do the right thing.”

The incentive is reputational.

C3 – CHILDREN/STUDENTS ENGAGED (nr)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
24,370	8,916	5,726

The original target for this PC was based on figures that included assemblies and other public engagements. The definition of the Performance Commitment states that we can only count students up to age 18 and groups of up to 30 with a minimum of 20 minutes engagement and therefore it is not possible to meet the annual target of 24,370.

The number of children and students engaged in classroom environments, education centres and at Scout/Guide and youth groups has increased in 2022-23 to 8,916. We have worked hard to promote the education service through our website, targeted emails, word-of-mouth, and public events.

The incentive is financial, and the performance in the year incurred an underperformance payment of £61,816 as a result.

Outcome: Efficient use of water

Ensuring that water is used as efficiently as possible is key to protecting supplies and resources for the long term, whether through ensuring leakage in our network is limited or encouraging and working with our customers to reduce consumption.

Reducing leakage and per capita consumption are both common PCs for the industry.

W1 – LEAKAGE (% reduction on baseline)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
6.9	9.3	10.8

2022-23 has been an incredibly difficult year for leakage management as we suffered from a major summer breakout due to ground shrinkage caused by the long hot summer and further break out in December and January due to severe cold weather events. The breakouts are the first significant leakage events to have an impact under the revised leakage reporting methodology for this AMP, which places greater emphasis on leakage run-times.

Performance is measured as a three-year average, so with the good performance in the two previous years we have achieved a 9.3 % reduction in baseline leakage against a target of 6.9%. The incentive is financial, and we have earned an outperformance payment of £374,000.

With such a challenging year, it is particularly difficult to predict the three-year rolling average for the following two years. The weather conditions will likely put pressure on our ability to achieve the future year targets.

W2 – PER CAPITA CONSUMPTION (% reduction on baseline)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0.3	-5.4	-5.2

Performance is measured as a three-year average. In 2022-23 the average per capita consumption (PCC) over the last three years, saw an increase of 5.4% on baseline PCC. However, the consumption for 2022-23 of 138.8 l/p/d was a decrease from the previous two-year highs (151.8 and 144.9 l/p/d).

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Although working patterns have changed, with more people now working from home for at least part of the week, the overall number of home-workers has declined since the height of the pandemic in 2020-21. In addition, the cost-of-living crisis and particularly increasing energy bills since September 2022 have resulted in customers making behavioural changes to reduce their use of water and especially hot water.

In 2023-24 we expect PCC to reduce as we continue to deliver our demand management activities and as customers remain aware of their water and energy use with the continued effect of the cost-of-living crisis.

Due to the impact of COVID on society and the resultant increase in household water use with more home working in the first two years of the AMP, Ofwat will review performance across the industry at the end of the AMP to assess any performance payments. With the improving in-year position we will continue to do everything we can to achieve the end of AMP three-year average target.

W3 – CUSTOMER REPORTED LEAKS FIXED IN A DAY (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
90	90	93

We achieved our 90% target for customer reported significant leaks fixed within a day in 2022-23, despite the numerous challenges faced over the long hot dry summer and the exceptionally cold weather events in December and January.

To increase repair output a gang and inspector leakage overtime incentive was implemented and an innovative use of equipment reduced the number of times we had to shut off supplies in the network to carry out the repair.

We also engaged with local Highway Authorities to warn of an increase in urgent permits. They were very accommodating with our focused approach to leak repairs.

The incentive is financial, in meeting the target there was no out or under-performance payment.

W4 – WATER SAVED BY WATER EFFICIENCY (MI/d)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
3.0	3.6	1.4

2022-23 saw a recovery in terms of performance following the effect of restrictions in the previous two years. We launched our audit programme to focus on home visits. With the summer drought conditions and the need to maximise engagement with customers to reduce water demand, we continued to push hard on water saving communications through the autumn and winter. We ordered additional showerhead stock to allow us to increase customer promotions and tie in energy saving to our water saving messages.

The incentive for this PC is reputational.

Outcome: Excellent drinking water quality

We treat our water to very high standards to make sure we always provide clean, safe drinking water to customers and visitors to our region.

Our continuous improvement approach focuses on our treatment centres, reservoirs and network and working with our customers to make enhancements in their homes and workplaces where needed.

Q1 – WATER QUALITY COMPLIANCE SCORE (CRI)		
TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
0.00	1.04	0.37

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This PC is common across the industry. We did not meet the target of zero but again our performance fell within the deadband and so no underperformance payment was incurred.

Whilst failures have risen from last year, early industry predictions suggest we continue to be a top performing company. The industry picture in 2022 shows it was a challenging year for companies, with a hotter and drier than average summer which placed additional demands on supplies and assets. There was a prolonged period where water temperatures were higher than normal, and companies required a flexible approach to ensure water was sufficient and of consistent high quality acceptable to customers.

We continue to ensure we learn from each sample failure, putting in place actions to prevent a recurrence and to keep our CRI as low as possible. A recent change in policy on our treated water tank inspection frequency will ensure we identify issues early to help prevent sample failures in future.

Q2- WATER QUALITY CUSTOMER CONTACTS (nr/1000 pop)		
TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
1.12	1.14	1.17

We are pleased to see that the initiatives introduced as part of our focus on reducing customer contacts for water quality has led to a further decrease in 2022-2., However, the target tightened by more than this performance improvement.

The improvement was predominantly driven by a drop in the taste and odour contact numbers which fell from a rate of 0.36 to 0.30 per 1000 customers. This drop may in part be due to improved proactive customer communication, particularly when changing supply arrangements.

The associated incentive is financial and we incurred an underperformance payment of £12,060 based on the missed target.

Q3 – TACKLING WATER QUALITY IN HOMES/WORKPLACES (visits)		
TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
18,297	18,596	14,181

2022-23 saw a return to more expected levels of inspections and replacement activities following the impact of the Covid-19 restrictions in the previous two years. The incentive is financial and a reward of £3,289 was earned as a result.

Q4 – LEAD SERVICE PIPES REPLACED (nr/year)		
TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
2,010	1,928	1,809

Due to the reprofiling of the delivery of this programme, we are ahead of the cumulative number for the AMP, but the in-year number is less than target for lead pipe replacements. The incentive is financial, and we incurred an underperformance payment of £49,200 based on our performance.

We are on track to achieve the targeted number of pipe replacements for the five-year period to 2025.

Q5 – EVENT RISK INDEX SCORE (ERI)		
TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
12.800	402.796	193.699

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Our provisional Event Risk Index score for 2022 is 402.796, against a target of 12.800. The incentive is reputational.

We reported 24 events to the DWI, a similar number to the previous two years. 89% of our score came from just two of the events notified. This demonstrates the volatility of the index and the fact that parameters, such as pesticides, with long analysis times generate high ERI scores, as our response is delayed until the result is available.

During 2022 there was also a significant change industry-wide with a sharp increase to ERI scores for several companies. The reasons for this have not been confirmed but potentially include a change in the regulatory assessment approach to risk. We await the Chief Inspector of Drinking Water's annual report to confirm the findings and sharing of the industry-wide performance.

Outcome: Minimise sewer flooding

As part of our business planning process customers identified the reduction of sewer flooding as a key priority.

F1 – INTERNAL SEWER FLOODINGS (nr/10,000 sewer connections)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
1.58	1.31	1.43

This is a common PC across the industry.

Despite periods of extreme wet weather in the latter part of the year, numbers of internal sewer flooding incidents have decreased from last year. Flooding as a result of inadequate capacity in our sewers accounted for just 5% of incidents. As part of our Sewer Misuse Strategy, we will target engagement in new hotspot blockage areas measuring the impact of the engagement on blockage numbers. In October, our campaign focused on Bridgwater, Yate, Melksham, and Gillingham and included hair catchers, sink strainers, GunkPots, FreshX and face pads. This was accompanied by a Wet Wipe campaign. The campaign involved environmental educational officers visiting properties, and several social media posts on Instagram and Facebook.

The incentive is financial, and we earned an outperformance payment of £1.536m as a result.

F2 – EXTERNAL SEWER FLOODINGS (nr/10,000 sewer connections)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
16.73	17.83	19.27

In 2022-23 there was a c.7% decrease in our external flooding rate from the previous year, despite rainfall in the last six months of the year being 130% of the long-term average.

Despite this we have missed the in-year target rate again and have incurred an underperformance payment of £1.160m.

F3 – SEWER FLOODING RISK (index score)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
50,651	56,258	53,737

This measure is based on the company's sewer flooding risk register which uses a grid assessment of likelihood against risk and includes the assessment of properties that have flooded.

With the rainfall during the last six months of the report year, and the wettest March for over 40 years, the upward pressure on the risk score due to flooding incidents has continued.

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Our performance in 2022-23 was outside the incentive deadband and an underperformance payment of £97,560 was incurred.

F4 – DELIVER NORTH BRISTOL SEWER (months delay)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0	0	0

The North Bristol Trym sewer scheme was completed ahead of the March 2023 target and therefore no penalty was incurred.

The scheme has delivered additional sewer capacity for the Trym catchment, improving the performance of the existing sewerage infrastructure. This will reduce incidents of sewerage overflow, flooding, and risks of pollution, providing capacity for future growth and potential climate change.

Outcome: Resilient services

This outcome seeks to ensure we deliver secure and reliable water and wastewater services whatever local and global shocks and stresses we face. 2022-23 has seen an increasingly challenging environment with the continuing conflict in the Ukraine and the cost-of-living crisis, as well as the extremes of weather. Against this we have met or exceeded eight of the nine PCs targeted this year.

R1 – WATER SUPPLY INTERRUPTIONS (mins:secs/prop/year)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
05:45	04:10	04:12

This is a common PC across the industry.

This year we have further reduced supply interruptions to our lowest ever level. The improved performance in the last three years is a result of continual review of processes and procedures and investment in new ways of working and equipment. From additional pressure monitoring, introduction of network response co-ordinators, and line stopping kits to standpipes that allow network infusion – our aim is to maintain customers' supplies as much as possible.

The incentive is financial and we earned an out-performance payment of £222,702.

R2 – POP. AT RISK OF RESTRICTIONS IN A DROUGHT (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0	0	0

This is a common PC across the industry.

Our water supply network remains resilient despite weather conditions as extreme as we have experienced in more than 50 years, with none of the population in our supply area at risk of severe water restrictions in a drought.

R3 – POP. AT RISK OF SEWER FLOODING IN A STORM (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
9.45	7.98	9.84

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This reputational PC is common across the industry.

This metric is calculated as per Ofwat's guidance to indicate the percentage of the population at risk of sewer flooding in a storm. This PC reflects a modelled view of the risk benefiting from improved modelling coverage as a result of our work on the Drainage and Wastewater Modelling Plan.

R4 – BURST MAIN REPAIRS (nr/1,000 km of mains)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
156.9	163.5	147.1

This is a common PC across the industry.

Mains repairs in 2022-23 were considerably higher than the previous year when we experienced a very stable network without any major shocks. In 22-23 we suffered from major summer leakage due to ground shrinkage caused by the long hot and dry conditions and then further events in December and January due to severe freeze/thaw weather events.

The incentive is financial and an underperformance payment of £0.304m has been incurred as a result.

R5 – UNPLANNED OUTAGE (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
2.34	0.76	1.59

This PC is common across the industry.

2022-23 performance is well within the targeted unplanned outage and has dropped back to a similar level to that of 2020-21 after last year's higher outturn. The decrease from last year was largely driven by fewer prolonged operational issues requiring site investigation and remediation.

The incentive associated with this PC is financial but underperformance only.

R6 – SEWER COLLAPSES (nr/1000km sewer)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
6.33	5.22	5.91

This is a common PC across the industry.

Performance improved over the previous year despite the expectation that that extreme dry weather followed by wet conditions leads to increased stress on pipework. We will be assessing whether performance deteriorates temporarily to reflect these conditions through 2023-24.

The incentive associated with this PC is financial but underperformance payment only.

R7 – RESTRICTIONS ON WATER USE (nr events)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0	0	0

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The Environment Agency placed our region into an environmental drought in August 2022 due to the impact that the prolonged dry weather had on the environment. Our Drought Plan was activated and our demand and supply side actions throughout the summer meant that we were able to avoid imposing temporary use bans on our customers.

It is now 46 years since a hosepipe ban was last imposed in the region in 1976. We do not expect to implement hosepipe bans in 2023-24.

The incentive associated with this PC is financial, but underperformance payment only.

SEC – SECURITY NON-SEMD OUTPUTS (months delayed)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0	0	0

This PC will ensure sufficient enhancement to customer protection through improved cyber security measures. There are several specific deliverables over the period 2020-25 and the PC measures the months any of the security deliverables are delivered late. This is a reputational only PC.

At the end of 2022-23, the three planned deliverables have been met around upskilling, deployment of additional security monitoring tools, and provision of a service to monitor any cyber security events around water supply and quality.

DWMP – DRAINAGE & WASTEWATER MGT PLANS (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
100	100	0

Our drainage and wastewater management plans were prepared in the reported year. Ofwat extended the deadline for delivery of outputs to 31 May 2023 when our plan was published on our website and Ofwat's SharePoint site. This will be a continuous journey to provide a strategic, long-term plan for resilience and associated investment and will change as uncertainties (such as nutrient neutrality requirements) become clearer. The incentive associated with this commitment is reputational.

Outcome: Protecting and enhancing the environment

Our pledge to protect and enhance the natural environment in our region is the main objective of the following PCs. We constantly look to minimise our impact on the environment through careful water abstraction from rivers and lakes, and mindful disposal of wastewater products.

E1 – TREATMENT WORKS COMPLIANCE (%) *		
TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
100.0	99.35	100.00

This PC is common across the industry.

With two sites failing in 2022, compliance dropped from last year, but as performance was within the allowed deadband there was no underperformance payment. Several process improvements have been put in place to restore and maintain compliance at the specific sites, whilst a new risk and audit management tool and upgrades to reporting applications will benefit compliance across all sites in our region.

E2 – POLLUTION INCIDENTS (nr/10,000km sewer) *		
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TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
23.00	31.48	20.60

This is a common PC across the industry.

Pollution numbers (category 1-3) increased in 2022 as a result of the drought conditions and the increase in Event Duration Monitoring (EDM) at Wessex Water assets. The low river levels meant rivers provided little dilution effect compared to normal conditions. Our accelerated programme of monitor installations has identified some additional spill events.

Our Pollution Incident Reduction Plan is reviewed annually and will have focus anew on water recycling centres (WRC) for 2023, along with the sewerage network and sewage pumping stations (SPS).

The associated incentive is financial and an underperformance payment of £2.290m was incurred.

E3 – AIM: MERE (Ml/year)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
-100	-319	-251

This is a PC bespoke to Wessex Water.

A dry start to the year saw the AIM window start earlier than usual on 24 May 2022 when flow in the Shreen dropped below the AIM trigger level. The export to Whitesheet had been stopped in early May when the stream flow was approaching the trigger level. The dry weather continued and meant that the AIM window did not close until 23 November 2022. Overall, Mere was under AIM restrictions for 183 days, which was 80 days more than last year. Despite this we exceeded the targeted level of abstraction.

The incentive is financial and we earned an out-performance payment of £5,913 as a result.

E4 – IMPROVE SSSI SITES (%)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
60	67	52

The actions agreed with Natural England for the five-year period are intended to improve the condition of SSSIs which are part of our landholding.

This is a cumulative measure and relates to the percentage of actions delivered. In 202022-23 we delivered 67% of the agreed actions. The incentive is financial, and we earned an out-performance payment of £1,190.

E5 – GREENHOUSE GAS EMISSIONS (ktCO2e/year)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
107	104	106

With a continued focus on reduction in use of fossil fuels at our operational sites, and in the use of non-renewable electricity, 202022-23 sees another decrease in emissions.

The associated incentive is financial, with payment on underperformance only.

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E6 - WORKING WITH COMMUNITIES TO IMPROVE BATHING WATER EXPERIENCE (nr beaches)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
33	36	24

This year we contributed to projects at 12 additional bathing waters – two beaches in Somerset (Porlock and Dunster) and 10 in Dorset. The number of beaches reported is cumulative for the five-year period.

The incentive associated with this PC is financial, and we received an outperformance payment of £2,100.

E7 – WORKING WITH CATCHMENT PARTNERS TO IMPROVE NATURAL CAPITAL (nr projects)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
37	43	42

At the Catchment Panel meeting in January 2023, it was agreed that 43 projects had been supported during 2022. These projects include WINEP and non-WINEP schemes delivered within the partnership projects lists, Biodiversity Action Plan projects, catchment-based approach (CaBA) partnerships and co-funded projects.

The incentive associated with this performance commitment is financial and we earned an outperformance payment of £19,800 as a result.

E8 – SATISFACTORY SLUDGE DISPOSAL COMPLIANCE (%)		
TARGET 2022	ACTUAL 2022	PREVIOUS YEAR
100.00	100.00	100.00

For 2022 satisfactory sludge disposal has remained at 100% as reported by the EA within the Environmental Performance Assessment.

The incentive is financial, underperformance payment only.

E9 – REDUCE FREQUENT SPILLING OVERFLOWS (non WINEP) (nr)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0	0	0

No schemes to reduce frequent spilling sewer overflows (FSO) outside the WINEP were due in 2022-23 and none were delivered. The incentive is financial, underperformance payment only.

We have made good progress on the FSO investigations, required under the Storm Overflow Assessment Framework (SOAF) and the WINEP (which contains 54 FSO investigations between 2022 and 2025 and 13 improvements by 2025).

We signed-off 15 WINEP FSO investigations with the Environment Agency this report year, 2022-23, making 27 in total for the AMP to date. We have delivered and signed-off two improvements of the 13 WINEP improvement sites: FSOs at Portland Bill SPS and Frome Westway CSO.

We are aiming to deliver improvements at the further 11 WINEP improvement sites ahead of the 2025 regulatory dates, so we can deliver some non-WINEP schemes, funded through this PC in 2024-25.

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NEP01 – DELIVERY OF WINEP		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
Met	Met	Met

We met all our Water Industry National Environment Programme (WINEP) delivery obligations in 2022-23. Delivering 196 outputs from investigations to inform (or otherwise) future enhancements in PR24; long-term monitoring of flows/spills to actions to prevent deterioration or make improvements in flow and storm capacities.

The incentive associated with this commitment is reputational.

E10 – KM OF RIVER WITH IMPROVED WATER QUALITY (WINEP)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
167.4	157.8	149.8

By the end of 2022-23 157.8km of rivers have benefited from improved health and aesthetics. One project has been extended by the Environment Agency and will be delivered in the next reporting year to achieve target. This change is not reflected in this PC, as it is limited to those schemes in the WINEP as at 31 March 2019 and as a result we have incurred an underperformance payment of £163,000.

E11 – LENGTH OF RIVER IMPROVED (non-WINEP) (km)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0	32.4	29.9

In the calendar year 2023, 63.5 tonnes of nitrogen were not released into Poole Harbour, against a target of 51 tonnes. This equates to a length of river improved of 32.4km, as per the agreed methodology. The incentive is financial, and the company earned an out-performance payment of £324,000 as a result.

E12 – AIM: STUBHAMPTON (Ml/year)		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
-45	-169	-231

The groundwater level at Four Acres was monitored daily throughout the year to enable appropriate actions to be taken in a timely manner. In 2022-23, there were three separate AIM windows at Stubhampton with 283 total days under AIM restrictions. This was less than in 2021-22 largely due to the wet weather between November and January which kept the site unrestricted for longer. We again managed to reduce the amount of water we took at Stubhampton during these periods, beating our target for abstraction levels.

The incentive is financial and the company earned an out-performance payment of £2,604 as a result.

E13 – AVONMOUTH STW WINEP REQUIREMENTS		
TARGET 22-23	ACTUAL 22-23	PREVIOUS YEAR
0	0	0

Section 3: Performance summary

We have had discussions with both the Environment Agency (EA) and Ofwat regarding an extension to the WINEP completion date from 31 March 2025 to 31 March 2028, in order to provide additional full flow to treatment (FFT) capacity to bring forward the AMP8/9 Dry Weather Flow (DWF) Increase scheme.

The EA agreed on 28 July 2022 to amend the completion date in the WINEP to 31 March 2028. As the PC relates to the live WINEP, we thus forecast “0” months delay to completion.

Common performance measures

We have been able to implement the reporting guidance for common performance commitments and are green in all respects except for certain components in leakage, PCC and sewer collapses as detailed in the tables below.

None of these Amber components make a material difference to the end of year performance reporting. We have claimed an outperformance payment for leakage.

Leakage

	Component / Element	Component R/A/G	Element R/A/G	Reason for any non-compliant components / Comments	Confidence grade
9b	Proactive leakage monitoring approach applied where trunk main losses form a significant element of total leakage, or the MLE water balance gap is greater than +/-2%.		Amber	We have an established proactive approach to trunk main losses, with a dedicated detection team targeted by balance area analysis. Our MLE balance gap has moved above 2% for the first time, so will reassess the grading of this element at the end of 23-24.	B2
11f	Flow checks are carried out on DI meters consistent with the principles of the document 'EA Abstraction Good Metering Guide' and in particular the frequency of flow checking defined in Table 6.2 of the EA guide		Amber	A detailed review is being undertaken which primarily relates to the flow checking requirements. Most of our distribution input meters are electromagnetic and subject to satisfactory verification every two years. However, a number of our meters are mechanical meters.	A2
13c	Evidence that survey is representative (based on demography, property type or other factors) of the company as a whole; valid data available from at least 80% of monitors as an annual average measure.		Amber	Survey is representative as closely matches the company's distribution of acorn categories in the HH metered data. Sample size of valid data is below 80%. Plans in place to increase resource to work with meter providers to increase % of valid meter data.	B2

Section 3: Performance summary

	Component / Element	Component R/A/G	Element R/A/G	Reason for any non-compliant components / Comments	Confidence grade
16e	Water balance discrepancy <2% = G >2% and <3% = A >3% = R		Amber	Top-down vs bottom-up gap is larger than in 2021/22. Large leakage spikes in July/August and December contributed to the increased average top down for 2022-23 which contributed to this gap.	B2

Components 9b and 16e are linked and reflect the impact of large leakage spikes seen in July/August and December on the top-down water balance calculation and the discrepancy with the bottom-up. This will be reviewed in 2023-24.

Despite the Amber grading for 11f, the confidence intervals in our MLE (maximum likelihood estimation) calculation for leakage continue to be set at 2% for Distribution Input (DI). This is at the lower range suggested in the guidance because most of our meters are electromagnetic and subject to verification every two years. Other meters are subject to verification every four years.

There is an ongoing project to review the extent of mechanical meters used for compliance and provide recommendations on a risk-based approach.

On our unmeasured household consumption monitor, plans are in place to work with meter providers to ensure valid data is available from at least 80% of monitors as an annual average measure which will move component 13c to Green.

Per capita consumption

	Component / Element	Component R/A/G	Element RAG	Reason for any non-compliant components	Confidence grade
4c	Evidence that survey is representative (based on demography, property type or other factors) of the company as a whole; valid data available from at least 80% of monitors as an annual average measure.		Amber	Survey is representative as closely matches the company's distribution of acorn categories in the HH metered data. Sample size of valid data is below 80%. Plans in place to increase resource to work with meter providers to increase % of valid meter data.	B2

We have only one Amber component only as per leakage 13c.

Section 3: Performance summary

Sewer collapses

	Component	Compliant (R/A/G)	Reason for any non-compliant components	Confidence grade
1	Number of collapses	Amber	Original job card information from the sewerage customer service technician. Where there is any doubt to the underlying reason for works on the sewerage system even after clarification, these are recorded as unknowns and included in the reportable number.	B3

We are amber for the number of collapses component only. An IT project to transfer the sewer collapses process on to Microsoft Dynamics is expected to start in 2023-24 and once completed will change the number of collapses status to Green.

Section 3: Performance summary

Pro forma 3A

Outcome performance - Water performance commitments (financial) Wessex Water

Line description	1	2	2a	4	5	6	7	RAG 4 reference
	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	Outperformance or underperformance payment £m	Forecast of total 2020-25 outperformance or underperformance payment £m	
Common PCs - Water (Financial)								
Water quality compliance (CRI)	PR19WSX_Q1	number	2	1.04	No	0.000	0.000	3A.1
Water supply interruptions	PR19WSX_R1	hh:mm:ss		00:04:10	Yes	0.223	0.819	3A.2
Leakage	PR19WSX_W1	%	1	9.3	Yes	0.374	0.446	3A.3
<i>[For use by NES and SSC only]</i>								3A.3
Per capita consumption	PR19WSX_W2	%	1	-5.4	No	0.000	0.000	3A.4
<i>[For use by SSC only]</i>								3A.4
Mains repairs	PR19WSX_R4	number	1	163.5	No	-0.304	-4.039	3A.5
Unplanned outage	PR19WSX_R5	%	2	0.76	Yes	0.000	0.000	3A.6
Bespoke PCs - Water and Retail (Financial)								
Total bill reduction to customers on social tariffs per 10,000 households	PR19WSX_A1	nr		72723	No	-0.024	-0.003	3A.7
Void sites	PR19WSX_A3	%	2	1.72	Yes	0.541	2.414	3A.8
Gap sites	PR19WSX_A4	nr		115	Yes	0.000	0.001	3A.9
Number of children/students engaged	PR19WSX_C3	nr		8916	No	-0.062	-0.356	3A.10
Customer reported leaks fixed within a day	PR19WSX_W3	%		90	Yes	0.000	0.441	3A.11
Water quality customer contacts (appearance, taste and odour)	PR19WSX_Q2	nr	2	1.14	No	-0.012	-0.234	3A.12
Tackling water quality at home and in the work place	PR19WSX_Q3	score		18596	Yes	0.003	-0.156	3A.13
Lead communication service pipes replaced (Wessex Water assets)	PR19WSX_Q4	nr		1928	No	-0.049	0.039	3A.14
Restrictions on water use (hosepipe bans)	PR19WSX_R7	nr		0	Yes	0.000	0	3A.15
Abstraction Incentive Mechanism (Mere)	PR19WSX_E3	nr		-319	Yes	0.006	0.025	3A.16
Natural capital: improve Sites of Special Scientific Interest (SSSI sites)	PR19WSX_E4	%		67	Yes	0.001	0.005	3A.17
Abstraction Incentive Mechanism (Stubhampton)	PR19WSX_E12	MI/a		-169	Yes	0.003	0.015	3A.18
Delivery of security (non-SEMD)	PR19WSX_SEC	months		0	Yes	0.000	0	3A.19
								3A.20
								3A.21
								3A.22
								3A.23
								3A.24
								3A.25
								3A.26
Financial water performance commitments achieved		%				63		3A.27
Overall performance commitments achieved (excluding C-MEX and D-MEX)		%				70		3A.28

Section 3: Performance summary

Pro forma 3B

Outcome performance - Wastewater performance commitments (financial) Wessex Water

Line description	1	2	2a	4	5	6	7	RAG 4 reference
	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	Outperformance or underperformance payment	Forecast of total 2020-25 outperformance or underperformance payment	
						£m	£m	

Common PCs - Wastewater (Financial)								
Internal sewer flooding	PR19WSX_F1	Number of internal sewer flooding incidents per 10,000 sewer connection	2	1.31	Yes	1.536	4.21	3B.1
Pollution incidents	PR19WSX_E2	Pollution incidents per 10,000 km of sewer length	2	31.48	No	-2.290	-3.323	3B.2
Sewer collapses	PR19WSX_R6	Number of sewer collapses per 1,000 km of all sewers	2	5.22	Yes	0.000	0	3B.3
Treatment works compliance	PR19WSX_E1	%	2	99.35	No	0.000	0	3B.4

Bespoke PCs - Wastewater (Financial)								
Customer property sewer flooding (external)	PR19WSX_F2	nr	2	17.83	No	-1.160	-7.296	3B.5
Sewer flooding risk	PR19WSX_F3	score		56258	No	-0.098	-0.098	3B.6
North Bristol Sewer Scheme - Trym catchment	PR19WSX_F4	nr		0	Yes	0.000	0	3B.7
Greenhouse gas emissions	PR19WSX_E5	nr		104	Yes	0.000	0	3B.8
Working with communities to improve bathing water experience	PR19WSX_E6	nr		36	Yes	0.002	0.001	3B.9
Working with catchment partners to improve natural capital	PR19WSX_E7	nr		43	Yes	0.020	0.05	3B.10
Satisfactory sludge disposal	PR19WSX_E8	%	2	100	Yes	0.000	-0.045	3B.11
Reduce frequent spilling overflows (non-WINEP)	PR19WSX_E9	nr		0	Yes	0.000	0	3B.12
Length of river with improved water quality through WINEP delivery	PR19WSX_E10	km	1	157.8	No	-0.163	-0.376	3B.13
Km of river improved (non-WINEP)	PR19WSX_E11	km	1	32.4	Yes	0.324	0.853	3B.14
WINEP requirements (Bristol (Avonmouth) STW)	PR19WSX_E13	months		0	Yes	0.000	0	3B.15
								3B.16
								3B.17
								3B.18

Financial wastewater performance commitments achieved	%			67				3B.19
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Pro forma 3C

Customer measure of experience (C-MeX) table

Wessex Water

Item	Unit	Value	RAG 4 reference
Annual customer satisfaction score for the customer service survey	Number	84.34	3C.1
Annual customer satisfaction score for the customer experience survey	Number	81.64	3C.2
Annual C-MeX score	Number	82.99	3C.3
Annual net promoter score	Number	38.50	3C.4
Total household complaints	Number	2744	3C.5
Total connected household properties	Number	1,271,902	3C.6
Total household complaints per 10,000 connections	Number	21.574	3C.7
Confirmation of communication channels offered	TRUE or FALSE	TRUE	3C.8

Section 3: Performance summary

Pro forma 3D

Developer services measure of experience (D-MeX) table Wessex Water

Item	Unit	Value	RAG 4 reference
Qualitative component annual results	Number	80.25	3D.1
Quantitative component annual results	Number	99.53	3D.2
D-MeX score	Number	89.89	3D.3
Developer services revenue (water)	£m	5,634	3D.4
Developer services revenue (wastewater)	£m	3,838	3D.5

Calculating the D-MeX quantitative component				RAG 4 reference
Water UK performance metric	Unit	Reporting period (1 April to 31 March)	Quantitative score (annual)	
W1.1	%	99.31%		3D.W1
W3.1	%	99.71%		3D.W2
W4.1	%	98.72%		3D.W3
W6.1	%	100.00%		3D.W4
W8.1	%	100.00%		3D.W5
W17.1	%	100.00%		3D.W6
W17.2	%	100.00%		3D.W7
W18.1	%	100.00%		3D.W8
W26.1	%	100.00%		3D.W9
S1.1	%	99.68%		3D.W10
S3.1	%	100.00%		3D.W11
S4.1	%	100.00%		3D.W12
S7.1	%	100.00%		3D.W13
WN1.1	%	100.00%		3D.W14
WN2.2	%	100.00%		3D.W15
SN2.2	%	100.00%		3D.W16
WN4.1	%	100.00%		3D.W17
WN4.2	%	96.92%		3D.W18
WN4.3	%	100.00%		3D.W19
SAM - 3/1	%	100.00%		3D.W20
SAM - 4/1	%	93.33%		3D.W21
SLPM - S1/2	%	100.00%		3D.W22
SLPM - S2/2a	%	100.00%		3D.W23
SLPM - S2/2b	%	100.00%		3D.W24
SLPM - S3	%	100.00%		3D.W25
SLPM - S4/1	%	100.00%		3D.W26
	%			3D.W27
	%			3D.W28
	%			3D.W29
	%			3D.W30
	%			3D.W31
	%			3D.W32
	%			3D.W33
	%			3D.W34
	%			3D.W35
	%			3D.W36
	%			3D.W37
	%			3D.W38
	%			3D.W39
	%			3D.W40
	%			3D.W41
	%			3D.W42
	%			3D.W43
	%			3D.W44
	%			3D.W45
	%			3D.W46
	%			3D.W47
	%			3D.W48
	%			3D.W49
	%			3D.W50
D-MeX quantitative score (for the reporting period)	%	99.53%		3D.7
D-MeX quantitative score (annual)	Number		1.00	3D.8

Section 3: Performance summary

Pro forma 3E

Outcome performance - Non financial performance commitments						Wessex Water
	1	2	2a	4	5	
Line description	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	RAG 4 reference
Common						
Risk of severe restrictions in a drought	PR19WSX_R2	%	1	0	Yes	3E.1
Priority services for customers in vulnerable circumstances - PSR reach	PR19WSX_C1	%	1	6.1	Yes	3E.2
Priority services for customers in vulnerable circumstances - Attempted contacts	PR19WSX_C1	%	1	90.8	Yes	3E.3
Priority services for customers in vulnerable circumstances - Actual contacts	PR19WSX_C1	%	1	54.8	Yes	3E.4
Risk of sewer flooding in a storm	PR19WSX_R3	%	2	7.98	Yes	3E.5
Bespoke PCs						
Successful applications for assistance received by the independent advice sector/third parties	PR19WSX_A2	nr		2474	Yes	3E.6
Value for money	PR19WSX_X3	%		79	No	3E.7
Delivering for customers in vulnerable circumstances	PR19WSX_C2	text		Maintained	Yes	3E.8
Volume of water saved by water efficiency engagement	PR19WSX_W4	nr	1	3.6	Yes	3E.9
Event risk index (Wessex Water) (ERI WW)	PR19WSX_Q5	score	3	402.796	No	3E.10
WINEP Delivery	PR19WSX_NEP01	text		Met	Yes	3E.11
Delivery of DWMPs	PR19WSX_DWMP	%		100	Yes	3E.12
						3E.13
						3E.14
						3E.15
						3E.16
						3E.17
						3E.18
						3E.19
						3E.20
						3E.21
						3E.22
						3E.23
						3E.24
						3E.25
						3E.26
						3E.27
						3E.28
Non-financial performance commitments achieved		%			83	3E.29

Section 3: Performance summary

Pro forma 3F

Underlying calculations for common performance commitments - water and retail											Wessex Water			
1	2	3	4	5								6		
Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated (i.e. standardised)								RAG 4 reference	
Performance commitments set in standardised units - Water														
Mains repairs - Reactive	Mains repairs per 1000 km	Mains length in km	12,116.30	781	64.46								3F.1	
Mains repairs - Proactive	Mains repairs per 1000 km	Mains length in km	12,116.30	1,200	99.04								3F.2	
Mains repairs	Mains repairs per 1000 km	Mains length in km	12,116.30	1,981	163.50								3F.3	
Per capita consumption (PCC)	lpd	Total household population (000s) and household consumption (MI/d)	1,325.99	184	138.80								3F.4	
6	7	8	9	10	11	11a	11b	11c	11d	12	13			
Line description	Unit	Performance level - actual (2017-18)	Performance level - actual (2018-19)	Performance level - actual (2019-20)	Baseline (average from 2017-18 to 2019-20)	Performance level - actual (2020-21)	Performance level - actual (2021-22)	Performance level - actual (2022-23)	Performance level - actual (2023-24)	Performance level - actual (2024-25)	Performance level 3 year average (current and previous 2 years)	Calculated performance level to compare against PCLs		
Performance commitments measured against a calculated baseline														
Leakage	MI/d	76.5	75.6	67.9	73.3	65.1	63.3	71.2			66.5	9.3	3F.5	
Per capita consumption (PCC)	lpd	135.9	139.3	138.3	137.8	151.8	144.9	138.8			145.2	-5.4	3F.6	
14	15	16	17	18	19									
Line description	Unit	Standardising data indicator	Standardising data numerical value	Total minutes lost	Number of properties supply interrupted	Calculated performance level								
Water supply interruptions														
Water supply interruptions	Average number of minutes lost per property per year	Number of properties (thousands)	638.51	2655725	7,103	00:04:10								3F.7
20	21	22												
Line description	Current company level peak week production capacity (PWPC) MI/d	Reduction in company level PWPC MI/d	Outage proportion of PWPC %											
Unplanned or planned outage														
Unplanned outage	577.15	4.41	0.76%											3F.8
23	24	25	26	27	28	29	30							
Line description	Total residential properties (000s)	Total number of households on the PSR (as at 31 March)	PSR reach	Total number of households on the PSR over a 2 year period	Number of attempted contacts over a 2 year period	Attempted contacts %	Number of actual contacts over a 2 year period	Actual contacts %						
Priority services for customers in vulnerable circumstances														
Priority services for customers in vulnerable circumstances	1,253.00	76,285	6.1%	31,017	28,175	90.8%	16,987	54.8%						3F.9

Pro forma 3G

Underlying calculations for common performance commitments - wastewater

Wessex Water

	1	2	3	4	5	6	
Line description	Unique reference	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual current reporting year	Calculated performance level	RAG 4 reference
Performance commitments set in standardised units							
Internal sewer flooding - customer proactively reported	PR19WSX_F1	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	1,287.15	142	1.10	3G.1
Internal sewer flooding - company reactively identified (ie neighbouring properties)	PR19WSX_F1	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	1,287.15	26	0.20	3G.2
Internal sewer flooding	PR19WSX_F1	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	1,287.15	168	1.31	3G.3
Pollution incidents	PR19WSX_E2	Pollution incidents per 10,000 km of sewer length	Sewer length in km	34,944.00	110	31.48	3G.4
Sewer collapses	PR19WSX_R6	Number of sewer collapses per 1,000 km of all sewers	Sewer length in km	35,088.00	183	5.22	3G.5

Pro forma 3H

Summary information on outcome delivery incentive payments

Line description	1	RAG 4 reference
	Initial calculation of performance payments (excluding CMEX and DMEX) £m (2017-18 prices)	
Initial calculation of in period revenue adjustment by price control		
Water resources	-0.01	3H.1
Water network plus	0.22	3H.2
Wastewater network plus	-1.84	3H.3
Bioresources (sludge)	-0.02	3H.4
Residential retail	0.52	3H.5
Business retail	0.00	3H.6
Dummy control	0.00	3H.7
Initial calculation of end of period revenue adjustment by price control		
Water resources	0.00	3H.8
Water network plus	0.00	3H.9
Wastewater network plus	0.00	3H.10
Bioresources (sludge)	0.00	3H.11
Residential retail	0.00	3H.12
Business retail	0.00	3H.13
Dummy control	0.00	3H.14
Initial calculation of end of period RCV adjustment by price control		
Water resources	0.00	3H.15
Water network plus	0.00	3H.16
Wastewater network plus	0.00	3H.17
Bioresources (sludge)	0.00	3H.18
Residential retail	0.00	3H.19
Business retail	0.00	3H.20
Dummy control	0.00	3H.21

Section 3: Performance summary

Pro forma 3I

Supplementary outcomes information Wessex Water

	1	2	3	
Line description	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %	RAG 4 reference
Unplanned or planned outage				
Planned outage	577.15	25.39	4.40%	31.1

	4	5	6	7	8	9	
Line description	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk	
Risk of severe restrictions in drought							
Risk of severe restrictions in drought	387.57	19.38	338.91	34.48	1,406.38	0	31.2

	10	11	12	13	14	15	16	17	18	19	
Line description	Total pe served	Total pe in excluded catchments	Percentage of total pe in excluded catchments	Total pe Option 1a	Percentage of total pe Option 1a	Total pe Option 1b	Percentage of total pe Option 1b	Vulnerability risk grade			
								Low	Medium	High	
								Percentage of total population served			
Risk of sewer flooding in a storm											
Risk of sewer flooding in a storm	3,664,954	51,472	1.40%	0	0.00%	3,613,482	98.60%	92.02%	0.00%	7.98%	31.3

	20	
Line description	Number of patch repairs or relining undertaken on sewer and not included in reported sewer collapses.	
Sewer collapses		
Sewer collapses	18	31.4

Section 4: Service level

Totex

Assessment process

Assessing the variance between actual expenditure and the final determination at any point during a price control period requires logical assessment and assumptions to be applied so that the reporting is consistent and minimises any judgement.

Any variation will comprise a mix of horizontal (advancement or slippage) and vertical (overspend or saving) movements. Table 4C requires the assessment of the variance in 2022-23 compared to the FD.

Explanation of variance

The net totex variance for the year 2022-23 is £1m over the FD allowance and the cumulative variance to the end of 2022-23 is £20m under, +£74m is due to overspend and -£94m due to reprofiling to future. Overspend is attributed to increases in base-plus costs to support improvements in performance captured by PCs and subject to financial incentives via ODIs, ongoing operational and capital maintenance associated with past enhancement expenditure, and from broader sets of increasing regulatory requirements.

With regards to capital expenditure, we have continued to see a ripple effect from the Covid-19 pandemic on our capital expenditure programme. We continue to experience significant increases in lead time for work items and contractor resource constraints. The effect of these factors is a continued overall reprofiling particularly of our wastewater enhancement programme despite partially mitigating through advance procurement.

In alignment with the revised dates, all WINEP outputs are forecast to be delivered on time except three schemes which are subject to significant third-party constraints and we are seeking revised dates with the EA.

The net opex variance to FD in 2022-23 is an overspend of £30m. Our net opex increased compared to 2021-22 by £48m, primarily the result of large increases in power costs of £22m, chemical costs of £5m and employment costs £5m. These are the results of the current global difficulties that are ongoing affecting power supply and supply routes globally, and the resulting cost of living crisis. A further £11.5m increase is attributable to hired and contracted costs. This included but is not limited to additional tankering costs due to price increases, capacity constraints and centrifuge hire as the business pursues a policy of increased conversion of sludge to cake to reduce the cost of tankering and address the capacity issue.

Cumulative net opex variance to FD to end of 2022-23 is £28m overspent. This is the result of the overspend in 2022-23, prior to this year we were underspend on net opex compared to FD. The explanation for the overspend is in line with the points noted regarding the net opex spend variance between 2021-22 and 2022-23, in that power, chemical and employment cost have all increased. We continue to pursue the activities noted below to try and mitigate these increases as far as possible:

- reduced power consumption and market rates through forward purchases
- chemical process optimisation and internal review of external contractors.

The net capex variance of £28m under FD for 2022-23 and £48m cumulative, relating to a combination of upwards and downwards movements.

- Above-inflation price increases for key material inputs (as above), work items and delivery resources
- Significant delays and constraints in the supply chain resulting in reprofiled programmes of delivery compared to the FD, particular for wastewater process activities (WINEP)
- Lower grants and contributions than anticipated (slowing of new development due to Covid-19 and regulatory changes encouraging more third parties bidding for contestable work, and more recently the impact of increased interest rates).

Wholesale: Actual expenditure v final determination (FD)

The following table provides a comparison of the actual expenditure to FD in 2022-23.

The comparison is based on the net PAYG FD value at outturn prices and excludes any pension deficit repair allowance, business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing.

2022-23 price base	Water (£m)	Waste (£m)	Total (£m)
Net totex FD (CPIH inflated)	136.4	318.4	454.8
Actual net totex	143.3	312.9	456.2
PAYG variance	6.9	-5.5	1.4

The following table provides a comparison of the actual expenditure to FD cumulative to end of 2022-23 and includes transitional expenditure.

Cumulative to end 2022-23 outturn	Water (£m)	Waste (£m)	Total (£m)
Net totex FD (CPIH inflated)	350.4	912.2	1,262.5
Actual net totex	401.3	841.2	1,242.5
PAYG variance	50.9	-71.0	-20.0

Wholesale: water

For wholesale water the totex net expenditure variance to the FD allowance in year is a £7m overspend (£6m gross).

Totex net expenditure variance to the FD allowance cumulative to end of 2022-23 shows a £51m overspend (£53m gross).

The cumulative totex expenditure variance over the FD is the result of several upwards and downwards variances for different drivers. However, the material variances to FD are as follows.

- Gross totex expenditure for supply enhancement is £10.3m overspent compared to the FD to end of 2022-23. This is largely attributed to developer services which is reported as enhancement but in the FD as maintenance, whereas (as reported in table 4L) the other enhancement drivers for water are largely underspent to date:
 - supply environmental programme (WINEP/NEP) is £11m underspent, approximately £9m of this due to efficiencies realised in the investigations delivered to date, with the remainder due to reprofiling of the programme compared to the FD
 - supply-demand balance is £2.8m underspent due to reprofiling of the programme, where planned activities were unable to be carried out due to the Covid-19 enforced lockdown. While Covid-19 affected the PCC position our activities in the year have exceeded our PC target for the volume of water saved through water efficiency activities. We have agreed advancement of Mendip Quarries SRO which will mean we will have exceeded the allowed expenditure by end of AMP but will be reconciled as part of the PR24 process
 - metering is £0.6m overspent due to a higher cost per meter installation as more expensive installation methods are required than assumed in the PR19 plan
 - other supply enhancement is £4.5m underspent due to a proportion of the Non-SEMD expenditure being recorded against waste for the PSTN replacement work (total allowance was against supply only in the FD) and reprofiling of other programmes of work relative to the FD profile.
- Gross totex base expenditure for supply is £43m overspent compared to the FD to end of 2022-23:
 - we successfully delivered ahead of the leakage target over the last three years despite significant challenges such as drought conditions and numerous freeze/thaw events late in the year. The consequence is we have significantly overspent, which is compounded by enhancement leakage expenditure being incorporated in base
 - the completion of the major refurbishment of Durleigh water treatment centre near Bridgwater

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- investment in disinfection improvements as part of our strategy to address the increase in risk of cryptosporidium.

Wholesale: waste

For wholesale wastewater the totex net expenditure variance to the FD allowance in year is a £6m underspend (£14m gross).

Totex net expenditure variance to the FD allowance cumulative to end of 2022-23 shows a £71m underspend (£89m gross).

The impact of the Covid-19 pandemic resulted in agreement with the EA to delay regulatory dates and therefore few significant projects have been completed so far.

The cumulative totex expenditure variance under the FD is the result of several upwards and downwards variances for different drivers, but the material variances to FD are as follows:

- waste environmental programme (WINEP/NEP) is £124m underspent to the end of 2022-23. Approximately £8m of this is due to efficiencies realised in the investigations and monitoring delivered to date and £15m attributed to chemical removal schemes will not be spent as a stand still permit has been agreed. Above inflation price increases and delays due to supply chain constraints has resulted in overspend and reprofiling of predominantly mechanical and electrical process-based projects
- our large sewer network project, the Trym relief sewer project, has been completed and is in final commercial close out. The project was delivered earlier than anticipated resulting in an £18m advancement
- investment in maintaining non infrastructure assets has been reprofiled to future years
- we continue to improve capabilities in health and safety; recent reviews have led to an increase in investment at our bioresources sites which has led to an uplift in expenditure.

Disallowable costs

Gross totex figures reported in table 4C generally exclude disallowable costs, but we have reported £0.4m of disallowable costs in line 4, which are reported in totex costs in tables 4D and 4E. These include:

- £0.1m in relation to the investigation of the incident at Avonmouth WRC
- £0.1m of legal and support costs resulting from financing activities
- £0.1m arising from fines or compensation claims against the Company.

Recharges between business units

Some assets within the appointed business are multifunctional in nature in that more than one price control unit will benefit from their use over time. Examples of such 'Management and General' assets include IT systems, IT hardware infrastructure, laboratories, offices, depots, stores, and some vehicles.

The approach adopted by Wessex Water is to assign such assets to the price control unit that is the principal user of the asset. A recharge of the usage by other price control units is then calculated based on the most appropriate cost driver. Typically, this is the same as the one used for overhead allocation of operating costs associated with the asset.

Consistent with last year, the major beneficiary of net recharges is Wastewater Networks Plus at £2.1m (£2.4m 2021-22) and the largest net recipient of charges is Water Networks Plus at £1.2m (£1.3m 2021-22). At the same time recharges to Retail have remained at £0.4m, the same as 2021-22.

Return on regulatory equity

Return on regulatory equity figures are presented within table 1F.

We have included the company share of land sales as disclosed in table 2L and calculated as per the PR24 reconciliation model, within the exceptional items. This is the only contributing factor to this value.

Supply-demand balance and metering

Our last published Water Resources Management Plan (WRMP), in 2019, did not identify any supply-demand balance deficit and hence there are no lines of expenditure specific to this. However, the assessment of large strategic water resource options was agreed at the PR19 Final Determination (FD19) as part of the remit of the West Country Water Resources Group (WCWRG). The WCWRG is a partnership between ourselves, Bristol Water and South West Water, with affiliated members including the Environment Agency and Natural England. The group is responsible for producing a regional WRMP and for investigating a number of strategic resource options.

There are three strategic water resource option (SRO) projects in the West Country Water Resources Group (WCWRG) region that are following the gated process overseen by RAPID. All three projects have successfully passed through gate one.

The gate two submissions for the Poole water recycling and Cheddar two reservoir projects were made in November 2022. RAPID/Ofwat issued their draft decisions for consultation in early May 2023. In summary both schemes were approved to progress to the next gate, with the addition of an extra hold point for the Cheddar scheme in January 2024 at which time it will be necessary to demonstrate there is a need for the scheme and that it features in a best value plan in the companies' revised WRMPs.

The third project, Mendip Quarries, is following a later timeline with the gate two submission due by 17 July 2023. The scheme aims to re-purpose an existing quarry at the end of its mineral extraction life for use as a water storage reservoir.

The investigations are being undertaken by consultants under a programme director working for the WCWRG. Expenditure is tracked in line with allowances agreed at FD19.

All the gate submissions are published on the WCWRG website. RAPID's decisions are published on their website.

Previously there was a fourth scheme involving increasing the yield of Roadford reservoir through additional river transfers. This scheme is no longer being investigated as a regional scheme but is instead progressing to implementation under the Green recovery programme.

Our commentary for Table 6B outlines the components of our water balance. Our total leakage for 2022-23 was 71.2 MI/d, which is a 7.9 MI/d increase on the previous year. Since the publication of WRMP19, we have restarted our baseline leakage as part of the leakage convergence methodology. Leakage is now generally lower than WRMP19 forecasts due to methodology changes, but also due to overperformance in our reductions in previous years, resulting in a low three-year average. In 2022-23, in year outturn however is 0.1 MI/d higher than the WRMP19 planned value of 71.1 MI/d. 2022-23 has been an incredibly difficult year for leakage management due to the major summer breakout caused by ground shrinkage during the long hot spell, and further severe cold weather events in the winter. This is detailed further in the commentary of Table 3 W1 (Section 3).

We do not currently have a smart metering programme. Our default policy at the current time is to replace basic meters with smart meters. This is being reviewed as part of our WRMP24.

Our table commentaries on leakage (Section 3) and metering (Table 6D and 4L) detail our enhancement expenditure and progress with our leakage and metering programmes. The WRMP19 metering strategy involves the continuation of free optional metering services and a policy to meter households on change of occupier. The number of change of occupier meters installed this year is lower than last year and lower than our WRMP19 forecasts. This is due to fewer people moving house in our region, potentially a result of the cost-of-living crisis. The number of optant meters installed this year, however, has increased significantly from last year but is still lower than our WRMP19 forecasts. The increase can also be attributed to the cost-of-living crisis affecting all areas of household expenditure and therefore more customers choosing to switch to a meter to save money.

Our water efficiency strategy for AMP7 currently focuses on providing water efficiency information and advice, promoting water efficiency devices, and carrying out targeted home and school water efficiency visits. Further details on our activities are outlined in the commentary of Table 3 W4 (Section 3). In 2022-23 we delivered 2.22 MI/d of water efficiency savings; this is a large step up from the previous two years due to the ability to launch our large-scale audit programme this year, following Covid restrictions preventing its launch at the start of the AMP, and an increase in demand for products generated from the

Section 4: Service level

enhanced showerhead promotions as a result of the drought and the heightened awareness of the link between water and energy use during the cost-of-living crisis.

Narrative on costs

Table 4L

Integrated supply grid

We incurred minimal costs relating to the Corfe Mullen to Salisbury transfer scheme. Although the scheme is complete, there were some outstanding costs for land compensation. This relates to an AMP6 enhancement where the full costs were not in the 2019-20 baseline as new costs are still being incurred.

NEP – CROW Act

As this relates to the NEP completed in AMP6 costs are no longer reported as enhancement.

Partnership working

The operating expenditure is for undertaking condition reviews, land management plan reviews and connected improvements to a number of SSSI sites such as the Monkswood Valley, Poole Harbour, Nutscale Reservoir in Exmoor and other water sources.

NEP - Local priority

Minimal expenditure relating to a previously completed project at Mere with AMP6 drivers.

PR24 WINEP - Water Framework Directive measures

Expenditure to commence a project on chalk stream restoration. Costs are attributed to water resources and wastewater as assets in both these areas will be affected. This is not in the PR19 WINEP. Delivery will be funded in the WINEP from AMP8 onwards therefore we are reporting the expenditure against this freeform line.

Table 4M

WINEP – Monitoring of pass forward flows at CSOs

EA permit fees for an AMP6 scheme that monitored pass forward flow at strategic pumping stations. The project was previously completed but was reopened for these permit costs.

Storm overflow improvement (not storage) - Non WINEP

This expenditure is for projects where the output is not described by the existing enhancement drivers in this table. These projects will provide improvements to storm overflows but the solution will not be storage. They will provide improved operation and screening combined with nature-based solutions.

North Bristol strategic sewers

This programme provides extra capacity in the sewer network for existing housing and new developments in North Bristol. This investment is named in the PR19 FD under this freeform enhancement category.

We are accounting all costs against the North Bristol strategic sewer freeform line. This includes an allowance for network reinforcement accounted for in table 2J.

Network growth

These are opex costs relate to sewage pumping stations that have been adopted which we are now required to operate.

Partnership working

Expenditure in the report year was incurred on three catchment partnerships (Bristol Avon, Stour and Poole Harbour), partnerships with Rivers and Wildlife Trusts and working with community groups to improve bathing water amenities.

WINEP – AMP8 Advance flow monitoring at WRCs

We have advanced MCERT Installs from AMP8 and are showing the costs separately as they were not in the PR19 plan.

P Removal outperformance

These are for additional operating costs at treatment sites to achieve the performance commitment for phosphorus removal in the Hampshire Avon Catchment.

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PR24 WINEP P and N removal

Expenditure to commence a project on chalk stream restoration. Costs are attributed to water resources and wastewater as assets in both these areas will be affected. This is not in the PR19 WINEP. Delivery will be funded in the WINEP from AMP8 onwards therefore we are reporting the expenditure against this freeform line.

Reporting categories are assigned to capital projects on a percentage basis determined from analysing the cost estimate for the project to completion which is done initially at project conception. The reporting categories are not revised annually based on expenditure incurred in the year. However, reporting categories are reviewed on a prioritised basis following full financial approval when scope of the project has been agreed. To calculate the total to be reported against the applicable categories for each project the total capex is multiplied by the percentage assigned to each reporting category.

£10.953m of capital expenditure in the 2022-23 regulatory year has been subjected to proportional allocation between maintenance, enhancement and developer services investment drivers. This is for projects with more than one investment driver. The breakdown of the allocation to investment drivers is shown in the table below.

Investment driver	2022-23 capex £m
Base capital expenditure	1.539
Developer Services capital expenditure	0.087
Enhancement capital expenditure	9.327
Total	10.953

£40.567m of capital expenditure in the 2022-23 regulatory year has been subjected to proportional allocation between enhancement investment drivers in tables 4L and 4M. This is for projects with more than one investment driver. The breakdown of the allocation to investment drivers is shown in the table below.

Enhancement capital expenditure	2022-23 capex £m	
	Wastewater Network Plus	Water Resources
Table 4L & 4M Investment driver		
PR24 WINEP - Nutrients (N removal)	0.014	0.000
PR24 WINEP - Nutrients (P removal at filter bed STWs)	0.014	0.000
WINEP - Conservation drivers	0.079	0.000
WINEP - UV disinfection (or similar)	0.117	0.000
WINEP - Chemicals removal schemes	0.180	0.000
WINEP - AMP8 Advance flow monitoring at WRCs	0.278	0.000
WINEP - Flow monitoring at sewage treatment works	0.695	0.000
WINEP - Storage schemes in the network to reduce spill frequency at CSOs, etc	0.837	0.000
WINEP - Nutrients (P removal at activated sludge STWs)	0.995	0.000
WINEP - Storage schemes at WRCs to increase storm tank capacity	2.205	0.000
Growth at water recycling centres (excluding sludge treatment)	6.124	0.000

Section 4: Service level

Enhancement capital expenditure	2022-23 capex £m	
	Wastewater Network Plus	Water Resources
Table 4L & 4M Investment driver		
WINEP - Reduction of sanitary parameters	7.413	0.000
WINEP - Schemes to increase flow to full treatment	9.656	0.000
WINEP - Nutrients (P removal at filter bed STWs)	11.431	0.000
PR24 WINEP - Water Framework Directive measures	0.000	0.028
WINEP - Water Framework Directive measures	0.000	0.105
WINEP - Ecological improvements at abstractions	0.000	0.179
WINEP - Investigations	0.000	0.218
Total	40.037	0.530

We have used the 2021 census for the 2022-23 population as this data is included within the current ONS mid-year estimates. For APR reporting years 2015-16 to 2021-22, we used the 2011 census.

On wastewater, the non-resident population is based on data provided by the Southwest Tourist Board in 2011 which gave the number of bed spaces available for various types of holiday accommodation; an occupancy rate of two-thirds for four months of the year is assumed (ie, 2/9 as per RAG 4.11 4R.29). This dataset is amended (as necessary) when we review WRC populations as part of potential growth in a particular catchment.

Pro forma 4A

Wessex Water

Water bulk supply information for the 12 months ended 31 March 2023

Line description	Volume	Operating costs	Revenue	RAG 4 reference
Units	MI	£m	£m	
DPs	3	3	3	

Bulk supply exports				
Bournemouth Water, Whiteparish	0.000	0.000	0.000	4A.1
Wessex cross connection to	0.000	0.000	0.000	4A.2
Bristol Water, Chapmanslade	29.885	0.007	0.058	4A.3
Bristol Water, Compton Dundon	64.894	0.015	0.000	4A.4
Bristol Water, Corsley	35.293	0.008	0.067	4A.5
Bristol Water, Lydford	13.645	0.003	0.001	4A.6
Bristol Water, Standerwick	0.000	0.000	0.000	4A.7
Bristol Water, Shipton Moyne	11.351	0.003	0.000	4A.8
Leep Utilities (Scottish & Southern),	118.027	0.028	0.162	4A.9
Leep Utilities (Scottish & Southern),	46.373	0.011	0.080	4A.10
South West Water, Smeatharpe	0.000	0.000	0.000	4A.11
Total bulk supply exports	319.468	0.075	0.367	4A.26

Line description	Volume	Operating costs
Units	MI	£m
DPs	3	3

Bulk supply imports				
Bournemouth Water, Whiteparish	0.000	0.000		4A.27
Wessex cross connection to	0.000	0.000		4A.28
Bournemouth Water,	0.000	0.000		4A.29
Bristol Water, Ashcott	91.840	0.000		4A.30
Bristol Water, Bath	2,518.734	1.309		4A.31
Bristol Water, Marshfield	11.153	0.000		4A.32
Southern Water, Biddesden	5.365	0.030		4A.33
Southern Water, Ludgershall	92.190	0.151		4A.34
Southern Water, Andover	0.000	0.000		4A.35
South West Water, Charmouth	4.558	0.010		4A.36
South West Water, Wellington	11.164	0.023		4A.37
Thames Water, Malmesbury	7.206	0.004		4A.38
Veolia, Leckford	652.154	0.492		4A.39
Veolia, Pewsey (Tidworth)	65.329	0.090		4A.40
Total bulk supply imports	3,459.693	2.109		4A.52

Section 4: Service level

Pro forma 4C
Wessex Water

Impact of price control performance to date on RCV

Line description	Units	DPs	12 months ended 31 March 2023					Price control period to date					RAG 4 reference
			Water resources	Water network plus	Wastewater network plus	Bioresources	Additional Control	Water resources	Water network plus	Wastewater network plus	Bioresources	Additional Control	
Totex (net of business rates, abstraction licence fees and grants and contributions)													
Final determination allowed totex (net of business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing)	£m	3	16.254	120.195	291.088	27.296	0.000	50.557	299.842	840.693	71.521	0.000	4C.1
Actual totex (excluding business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing)	£m	3	13.197	129.936	264.961	47.968	0.000	33.068	368.255	729.070	104.365	0.000	4C.2
Transition expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9.200	0.000	0.000	4C.3
Disallowable costs	£m	3	0.008	0.081	0.165	0.140	0.000	0.024	0.264	0.523	1.133	0.000	4C.4
Total actual totex (net of business rates, abstraction licence fees and grants and contributions)	£m	3	13.189	129.855	264.796	47.828	0.000	33.044	367.991	737.747	103.232	0.000	4C.5
Variance	£m	3	-3.065	9.660	-26.292	20.532	0.000	-17.513	68.149	-102.946	31.711	0.000	4C.6
Variance due to timing of expenditure	£m	3	1.915	-56.392	-17.671	-10.709	0.000	-6.173	0.000	-88.542	0.000	0.000	4C.7
Variance due to efficiency	£m	3	-4.980	66.052	-8.621	31.241	0.000	-11.340	68.149	-14.404	31.711	0.000	4C.8
Customer cost sharing rate - outperformance	%	2	56.14%	56.14%	58.67%	0.00%	0.00%	56.14%	56.14%	58.67%	0.00%	0.00%	4C.9
Customer cost sharing rate - underperformance	%	2	43.86%	43.86%	41.33%	0.00%	0.00%	43.86%	43.86%	41.33%	0.00%	0.00%	4C.10
Customer share of totex overspend	£m	3	0.000	28.970	0.000	0.000	0.000	0.000	29.890	0.000	0.000	0.000	4C.11
Customer share of totex underspend	£m	3	-2.796	0.000	-5.058	0.000	0.000	-6.366	0.000	-8.451	0.000	0.000	4C.12
Company share of totex overspend	£m	3	0.000	37.082	0.000	31.241	0.000	0.000	38.259	0.000	31.711	0.000	4C.13
Company share of totex underspend	£m	3	-2.184	0.000	-3.563	0.000	0.000	-4.974	0.000	-5.953	0.000	0.000	4C.14
Totex - business rates and abstraction licence fees													
Final determination allowed totex - business rates and abstraction licence fees	£m	3	3.425	16.549	8.216	1.928	0.000	9.610	46.438	23.054	5.409	0.000	4C.15
Actual totex - business rates and abstraction licence fees	£m	3	3.706	15.146	7.148	1.614	0.000	10.698	45.413	21.446	4.879	0.000	4C.16
Variance - business rates and abstraction licence fees	£m	3	0.281	-1.403	-1.068	-0.314	0.000	1.088	-1.025	-1.608	-0.530	0.000	4C.17
Customer cost sharing rate - business rates	%	2	75.00%	75.00%	75.00%	0.00%	0.00%	75.00%	75.00%	75.00%	0.00%	0.00%	4C.18
Customer cost sharing rate - abstraction licence fees	%	2	75.00%	75.00%	75.00%	0.00%	0.00%	75.00%	75.00%	75.00%	0.00%	0.00%	4C.19
Customer share of totex over/underspend - business rates and abstraction licence fees	£m	3	0.211	-1.052	-0.801	0.000	0.000	0.816	-0.769	-1.206	0.000	0.000	4C.20
Company share of totex over/underspend - business rates and abstraction licence fees	£m	3	0.070	-0.351	-0.267	-0.314	0.000	0.272	-0.256	-0.402	-0.530	0.000	4C.21
Totex not subject to cost sharing													
Final determination allowed totex - not subject to cost sharing	£m	3	1.051	2.319	0.246	0.000	0.000	2.527	5.242	0.692	0.000	0.000	4C.22
Actual totex - not subject to cost sharing	£m	3	2.334	7.146	8.009	2.197	0.000	4.810	18.821	22.862	6.158	0.000	4C.23
Variance - 100% company allocation	£m	3	1.283	4.827	7.763	2.197	0.000	2.283	13.579	22.170	6.158	0.000	4C.24
Total customer share of totex over/under spend	£m	3	-2.585	27.918	-5.859	0.000	0.000	-5.550	29.121	-9.657	0.000	0.000	4C.25
RCV													
Total customer share of totex over/under spend	£m	3	-2.585	27.918	-5.859	0.000	0.000	-5.550	29.121	-9.657	0.000	0.000	4C.26
PAYG rate	%	2	70.800%	63.410%	40.250%	70.170%	0.000%	59.870%	70.420%	38.400%	74.630%	0.000%	4C.27
RCV element of cumulative totex over/underspend	£m	3	-0.755	10.215	-3.501	0.000	0.000	-2.227	8.614	-5.949	0.000	0.000	4C.28
Adjustment for ODI outperformance payment or underperformance payment	£m	3						0.000	0.000	0.000	0.000	0.000	4C.29
Green recovery	£m	3						0.000	0.000	0.000		0.000	4C.30
RCV determined at FD at 31 March	£m	3						93.017	1,252.837	2,605.180	124.873	0.000	4C.31
Projected 'shadow' RCV	£m	3						90.790	1,261.451	2,599.231	124.873	0.000	4C.32

Section 4: Service level

Pro forma 4D

Wessex Water

Totex analysis for the 12 months ended 31 March 2023 - water resources and water network+

Line description	Units	DPs	Water resources	Network+				Total	RAG 4 reference
				Raw water transport	Raw water storage	Water treatment	Treated water distribution		
Operating expenditure									
Base operating expenditure	£m	3	12.793	0.000	0.000	28.059	55.218	96.070	4D.1
Enhancement operating expenditure	£m	3	0.702	0.000	0.000	0.000	1.946	2.648	4D.2
Developer services operating expenditure	£m	3	0.000	0.000	0.000	0.000	2.496	2.496	4D.3
Total operating expenditure excluding third party services	£m	3	13.495	0.000	0.000	28.059	59.660	101.214	4D.4
Third party services	£m	3	0.737	0.000	0.000	0.060	0.332	1.129	4D.5
Total operating expenditure	£m	3	14.232	0.000	0.000	28.119	59.992	102.343	4D.6
Grants and contributions									
Grants and contributions - operating expenditure	£m	3	0.000	0.000	0.000	0.000	2.219	2.219	4D.7
Capital expenditure									
Base capital expenditure	£m	3	2.374	0.089	0.000	14.962	31.805	49.230	4D.8
Enhancement capital expenditure	£m	3	1.824	0.008	0.000	3.016	8.650	13.498	4D.9
Developer services capital expenditure	£m	3	0.000	0.000	0.000	0.000	4.571	4.571	4D.10
Total gross capital expenditure excluding third party services	£m	3	4.198	0.097	0.000	17.978	45.026	67.299	4D.11
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.12
Total gross capital expenditure	£m	3	4.198	0.097	0.000	17.978	45.026	67.299	4D.13
Grants and contributions									
Grants and contributions - capital expenditure	£m	3	0.000	0.000	0.000	0.000	3.113	3.113	4D.14
Net totex	£m	3	18.430	0.097	0.000	46.097	99.686	164.310	4D.15
Cash expenditure									
Pension deficit recovery payments	£m	3	0.807	0.000	0.000	2.291	4.057	7.155	4D.16
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.17
Totex including cash items	£m	3	19.237	0.097	0.000	48.388	103.743	171.465	4D.18
Atypical expenditure									
Item 1	£m	3	0.000	0.000	0.000	0.015	0.037	0.052	4D.19
Item 2	£m	3	0.000	0.000	0.000	0.001	0.000	0.001	4D.20
Item 3	£m	3	0.000	0.000	0.000	0.001	0.000	0.001	4D.21
Item 4	£m	3	0.000	0.000	0.000	0.001	0.000	0.001	4D.22
Item 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.23
Total atypical expenditure	£m	3	0.000	0.000	0.000	0.018	0.037	0.055	4D.24

Section 4: Service level

Pro forma 4E
Wessex Water

Totex analysis for the 12 months ended 31 March 2023 - wastewater network+ and bioresources

Line description	Units	DPs	Network+ Sewage collection			Network+ Sewage treatment		Bioresources			Total	RAG 4 reference
			Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Imported sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal		
Operating expenditure												
Base operating expenditure	£m	3	25,768	8,619	8,349	59,185	1,400	8,485	11,089	5,605	128,478	4E.1
Enhancement operating expenditure	£m	3	1,840	0,004	0,000	4,120	0,001	0,000	0,551	0,000	8,516	4E.2
Developer services operating expenditure	£m	3	0,361	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,361	4E.3
Total operating expenditure excluding third party services	£m	3	27,957	8,623	8,349	63,305	1,401	8,485	11,620	5,605	135,345	4E.4
Total third party services	£m	3	0,249	0,117	0,122	0,068	0,000	0,000	0,000	0,000	0,556	4E.5
Total operating expenditure	£m	3	28,206	8,740	8,471	63,373	1,401	8,485	11,620	5,605	135,901	4E.6
Grants and contributions												
Grants and contributions - operating expenditure	£m	3	0,507	0,259	0,229	0,000	0,000	0,000	0,000	0,000	0,995	4E.7
Capital expenditure												
Base capital expenditure	£m	3	32,925	2,777	0,000	34,456	0,048	0,706	21,849	0,102	92,861	4E.8
Enhancement capital expenditure	£m	3	13,058	2,418	0,000	74,163	1,730	0,000	1,215	0,000	92,584	4E.9
Developer services capital expenditure	£m	3	4,032	0,735	0,000	0,000	0,000	0,000	0,000	0,000	4,767	4E.10
Total gross capital expenditure excluding third party services	£m	3	50,015	5,930	0,000	108,619	1,778	0,706	23,064	0,102	190,212	4E.11
Third party services	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4E.12
Total gross capital expenditure	£m	3	50,015	5,930	0,000	108,619	1,778	0,706	23,064	0,102	190,212	4E.13
Grants and contributions												
Grants and contributions - capital expenditure	£m	3	2,358	0,280	0,000	0,000	0,000	0,000	0,000	0,000	2,838	4E.14
Net totex	£m	3	75,356	14,131	8,242	171,992	3,177	9,191	34,884	5,707	322,480	4E.15
Cash expenditure												
Pension deficit recovery payments	£m	3	1,599	0,815	0,721	4,113	0,000	1,239	0,958	0,000	9,445	4E.16
Other cash items	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4E.17
Totex including cash items	£m	3	76,955	14,946	8,963	176,105	3,177	10,430	35,842	5,707	331,925	4E.18
Atypical expenditure												
Item 1	£m	3	0,002	0,000	0,000	0,003	0,000	0,000	0,000	0,000	0,005	4E.19
Item 2	£m	3	0,001	0,000	0,000	0,002	0,000	0,000	0,000	0,000	0,003	4E.20
Item 3	£m	3	0,001	0,000	0,000	0,002	0,000	0,000	0,000	0,000	0,003	4E.21
Item 4	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4E.22
Item 5	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4E.23
Total atypical expenditure	£m	3	0,004	0,000	0,000	0,007	0,000	0,000	0,000	0,000	0,011	4E.24

Section 4: Service level

Pro forma 4F

Wessex Water

Major project expenditure for wholesale water by purpose for the 12 months ended 31 March 2023

Line description	Units	Dps	Expenditure in report year £m							Cumulative expenditure on incurred on schemes in £m						RAG 4 reference
			Water resources	Water network+				Total	Water resources	Water network+				Total		
				Raw water transport	Raw water storage	Water treatment	Treated water distribution			Raw water transport	Raw water storage	Water treatment	Treated water distribution			
Major project capital expenditure by purpose																
Cheddar 2 Reservoir and Transfer	£m	3	0.164	0.008	0.000	0.040	0.056	0.268	0.310	0.015	0.000	0.076	0.107	0.508	4F.1	
Poole Water Recycling and Transfer	£m	3	0.096	0.000	0.000	0.000	0.000	0.096	0.487	0.000	0.000	0.000	0.000	0.487	4F.2	
West Country Mendip Quarries	£m	3	0.531	0.000	0.000	0.000	0.000	0.531	0.662	0.000	0.000	0.000	0.000	0.662	4F.3	
Capital expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.4	
Capital expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.5	
Capital expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.6	
Capital expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.7	
Capital expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.8	
Capital expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.9	
Capital expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.10	
Total major project capital expenditure	£m	3	0.791	0.008	0.000	0.040	0.056	0.895	1.459	0.015	0.000	0.076	0.107	1.657	4F.11	
Major project operating expenditure by purpose																
Operating expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.12	
Operating expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.13	
Operating expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.14	
Operating expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.15	
Operating expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.16	
Operating expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.17	
Operating expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.18	
Operating expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.19	
Operating expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.20	
Operating expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.21	
Total major project operating	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.22	

Section 4: Service level

Pro forma 4G
Wessex Water

Major project expenditure for wholesale wastewater by purpose for the 12 months ended 31 March 2023

Line description	Units	DPs	Expenditure in report year £m									Cumulative expenditure incurred on schemes in £m									RAG 4 reference		
			Wastewater network+					Bioresources				Total	Wastewater network+					Bioresources				Total	
			Sewage collection			Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Sewage collection			Sewage treatment and disposal	Sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal					
			Foul	Surface water drainage	Highway drainage						Foul		Surface water drainage						Highway drainage				
Major project capital expenditure by purpose																							
Capital expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.1	
Capital expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.2	
Capital expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.3	
Capital expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.4	
Capital expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.5	
Capital expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.6	
Capital expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.7	
Capital expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.8	
Capital expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.9	
Capital expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.10	
Total major project capital expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.11	
Major project operating expenditure by purpose																							
Operating expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.12	
Operating expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.13	
Operating expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.14	
Operating expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.15	
Operating expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.16	
Operating expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.17	
Operating expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.18	
Operating expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.19	
Operating expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.20	
Operating expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.21	
Total major project operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.22	

Pro forma 4H

Wessex Water

Financial metrics for the 12 months ended 31 March 2023

Line description	Units	DPs	Current year	AMP to date	RAG 4 reference
Financial indicators					
Net debt	£m	3	2752.210		4H.1
Regulatory equity	£m	3	1,323.697		4H.2
Regulatory gearing	%	2	67.52%		4H.3
Post tax return on regulatory equity	%	2	-1.62%		4H.4
RORE (return on regulatory equity)	%	2	8.72%	6.60%	4H.5
Dividend yield	%	2	5.33%		4H.6
Retail profit margin - Household	%	2	0.70%		4H.7
Retail profit margin - Non household	%	2	0.00%		4H.8
Credit rating - Fitch	Text	n/a	BBB+ (Stable)		4H.9
Credit rating - Moody's	Text	n/a	Baa1 (Stable)		4H.10
Credit rating - Standard and Poor's	Text	n/a	N/A		4H.11
Return on RCV	%	2	3.30%		4H.12
Dividend cover	dec	2	-0.15		4H.13
Funds from operations (FFO)	£m	3	178.220		4H.14
Interest cover (cash)	dec	2	3.63		4H.15
Adjusted interest cover ratio (ACICR)	dec	2	1.02		4H.16
FFO/Net debt	dec	2	0.06		4H.17
Effective tax rate	%	2	0.13%		4H.18
Retained cash flow (RCF)	£m	3	108.370		4H.19
RCF/Net debt	dec	2	0.04		4H.20
Borrowings					
Proportion of borrowings which are fixed rate	%	2	51.09%		4H.21
Proportion of borrowings which are floating rate	%	2	17.76%		4H.22
Proportion of borrowings which are index linked	%	2	31.15%		4H.23
Proportion of borrowings due within 1 year or less	%	2	7.16%		4H.24
Proportion of borrowings due in more than 1 year but no more than 2 years	%	2	2.27%		4H.25
Proportion of borrowings due in more than 2 years but no more than 5 years	%	2	14.63%		4H.26
Proportion of borrowings due in more than 5 years but no more than 20 years	%	2	50.79%		4H.27
Proportion of borrowings due in more than 20 years	%	2	25.15%		4H.28

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Section 4: Service level

Pro forma 4J

Wessex Water

Base expenditure analysis for the 12 months ended 31 March 2023 - water resources and water network+

Line description	Units	DPs	Water resources	Water network+				Total	RAG 4 reference
				Raw water distribution	Raw water storage	Water treatment	Treated water distribution		
Operating expenditure									
Power	£m	3	4.844	0.000	0.000	7.935	2.977	15.756	4J.1
Income treated as negative expenditure	£m	3	-0.006	0.000	0.000	-0.027	-0.033	-0.066	4J.2
Bulk Supply/Bulk discharge	£m	3	0.000	0.000	0.000	1.583	0.525	2.108	4J.3
Renewals expensed in year (infrastructure)	£m	3	0.399	0.000	0.000	0.000	6.606	7.005	4J.4
Renewals expensed in year (non-infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.5
Other operating expenditure	£m	3	3.850	0.000	0.000	16.527	31.885	52.262	4J.6
Local authority and Cumulo rates	£m	3	0.974	0.000	0.000	1.902	13.092	15.968	4J.7
Service Charges									
Canal & River Trust abstraction charges/ discharge consents	£m	3	0.301	0.000	0.000	0.000	0.000	0.301	4J.8
Environment Agency / NRW abstraction charges/ discharge consents	£m	3	2.431	0.000	0.000	0.139	0.013	2.583	4J.9
Other abstraction charges/ discharge consents	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.10
Location specific costs & obligations									
Costs associated with Traffic Management Act	£m	3	0.000	0.000	0.000	0.000	0.153	0.153	4J.11
Costs associated with lane rental schemes	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.12
Statutory water softening	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.13
Total base operating expenditure	£m	3	12.793	0.000	0.000	28.059	55.218	96.070	4J.14
Capital expenditure									
Maintaining the long term capability of the assets - infra	£m	3	0.068	0.079	0.000	0.284	21.630	22.061	4J.15
Maintaining the long term capability of the assets - non-infra	£m	3	2.306	0.010	0.000	14.678	10.175	27.169	4J.16
Total base capital expenditure	£m	3	2.374	0.089	0.000	14.962	31.805	49.230	4J.17
Traffic Management Act									
Projects incurring costs associated with Traffic Management Act	nr	0	0	0	0	0	4193	4193	4J.18

Section 4: Service level

Pro forma 4K

Wessex Water

Base expenditure analysis for the 12 months ended 31 March 2023 - wastewater network + and bioresources

Line description	Units	DPs	Expenditure in report year									RAG 4 reference
			Wastewater network+					Bioresources			Total	
			Foul	e water drains	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge Transport	Sludge Treatment	Sludge Disposal		
Operating expenditure												
Power	£m	3	3,311	1,558	1,623	24,299	0,879	0,053	2,502	0,044	34,269	4K.1
Income treated as negative expenditure	£m	3	-0,014	-0,008	-0,007	-0,090	0,000	-0,106	-4,277	-0,637	-5,137	4K.2
Bulk Supply/Bulk discharge	£m	3	0,004	0,002	0,002	0,056	0,003	0,000	0,014	0,000	0,081	4K.3
Renewals expensed in year (infrastructure)	£m	3	8,708	0,603	0,000	0,242	0,000	0,000	0,000	0,000	9,553	4K.4
Renewals expensed in year (non-infrastructure)	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4K.5
Other operating expenditure	£m	3	12,969	6,103	6,357	25,061	0,277	8,518	11,214	6,196	76,695	4K.6
Local authority and Cumulo rates	£m	3	0,028	0,013	0,014	6,884	0,209	0,020	1,594	0,000	8,782	4K.7
Service Charges												
Canal & River Trust abstraction charges/ discharge consents	£m	3	0,083	0,039	0,041	0,000	0,000	0,000	0,000	0,000	0,163	4K.8
EA / NRW abstraction charges/ discharge consents	£m	3	0,651	0,307	0,319	2,736	0,032	0,000	0,022	0,002	4,069	4K.9
Other abstraction charges/ discharge consents	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4K.10
Location specific costs & obligations												
Costs associated with Traffic Management Act	£m	3	0,026	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,026	4K.11
Costs associated with lane rental schemes	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4K.12
Costs associated with Industrial emissions directive	£m	3	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	4K.13
Total base operating expenditure	£m	3	25,766	8,619	8,349	59,188	1,400	8,485	11,069	5,605	128,481	4K.14
Capital expenditure												
Maintaining the long term capability of the assets - infra	£m	3	18,280	1,756	0,000	0,036	0,000	0,000	0,000	0,000	20,072	4K.15
Maintaining the long term capability of the assets - non-infra	£m	3	14,645	1,021	0,000	34,420	0,046	0,706	21,849	0,102	72,789	4K.16
Total base capital expenditure	£m	3	32,925	2,777	0,000	34,456	0,046	0,706	21,849	0,102	92,861	4K.17
Traffic Management Act												
Projects incurring costs associated with Traffic Management Act	nr	0	390	0	0	0	0	0	0	0	390	4K.18
Operating expenditure (AMP 7 shadow reported values)												
Power	£m	3	3,311	1,558	1,623	24,170	1,008	0,053	2,502	0,044	34,269	4K.19
Income treated as negative expenditure	£m	3	-0,014	-0,008	-0,007	-0,090	0,000	-0,106	-4,277	-0,637	-5,137	4K.20

Pro forma 4N

Wessex Water

Developer services expenditure for the 12 months ended 31 March 2023 - water network+ (price control)

Line description	Units	DPs	Water network+			RAG 4 reference
			Treated water distribution			
			Capex	Opex	Totex	
New connections	£m	3	0.000	2.283	2.283	4N.1
Requisition mains	£m	3	3.727	0.000	3.727	4N.2
Infrastructure network reinforcement	£m	3	0.834	0.000	0.834	4N.3
s185 diversions	£m	3	0.000	0.175	0.175	4N.4
Other price controlled activities	£m	3	0.010	0.010	0.020	4N.5
Total developer services expenditure	£m	3	4.571	2.468	7.039	4N.6

Section 4: Service level

Pro forma 40

Wessex Water

Developer services expenditure for the 12 months ended 31 March 2023 - wastewater network+ and bioresources

Line description	Units	DPs	Wastewater network+					Total	RAG 4 reference
			Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment		
Capex									
New connections	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.1
Requisition sewers	£m	3	1.663	0.560	0.000	0.000	0.000	2.223	40.2
Infrastructure network reinforcement	£m	3	1.115	0.141	0.000	0.000	0.000	1.256	40.3
s185 diversions	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.4
Other price controlled activities	£m	3	1.253	0.035	0.000	0.000	0.000	1.288	40.5
Total total developer services capex	£m	3	4.031	0.736	0.000	0.000	0.000	4.767	40.6
Opex									
New connections	£m	3	0.114	0.000	0.000	0.000	0.000	0.114	40.7
Requisition sewers	£m	3	0.027	0.000	0.000	0.000	0.000	0.027	40.8
Infrastructure network reinforcement	£m	3	0.017	0.000	0.000	0.000	0.000	0.017	40.9
s185 diversions	£m	3	0.094	0.000	0.000	0.000	0.000	0.094	40.10
Other price controlled activities	£m	3	0.000	0.100	0.000	0.000	0.000	0.100	40.11
Total developer services opex	£m	3	0.252	0.100	0.000	0.000	0.000	0.352	40.12
Totex									
Total developer services expenditure	£m	3	4.283	0.836	0.000	0.000	0.000	5.119	40.13

Pro forma 4P

Wessex Water

Expenditure on non-price control diversions for the 12 months ended 31 March 2023

Line description	Units	DPs	Water resources	Water network+	Wastewater network+	Total	RAG 4 reference
Capex							
Capex associated with NSWRA diversions	£m	3	0.000	0.000	0.000	0.000	4P.1
Capex associated with other non-price control diversions	£m	3	0.000	0.000	0.000	0.000	4P.2
Other developer services non-price control capex	£m	3	0.000	0.000	0.000	0.000	4P.3
Developer services non-price control capex	£m	3	0.000	0.000	0.000	0.000	4P.4
Opex							
Opex associated with NSWRA diversions	£m	3	0.000	0.029	0.000	0.029	4P.5
Opex associated with other non-price control diversions	£m	3	0.000	0.000	0.000	0.000	4P.6
Other developer services non-price control opex	£m	3	0.000	0.000	0.000	0.000	4P.7
Developer services non-price control opex	£m	3	0.000	0.029	0.000	0.029	4P.8
Totex							
Costs associated with NSWRA diversions	£m	3	0.000	0.029	0.000	0.029	4P.9
Costs associated with other non-price control diversions	£m	3	0.000	0.000	0.000	0.000	4P.10
Other developer services non-price control totex	£m	3	0.000	0.000	0.000	0.000	4P.11
Developer services non-price control totex	£m	3	0.000	0.029	0.000	0.029	4P.12

Pro forma 4Q

Wessex Water

Developer services - New connections, properties and mains

Line description	Units	DPs	Water	Wastewater	Total	RAG 4 reference
Connections volume data						
New connections (residential – excluding NAVs)	nr	0	4586	9981	14567	4Q.1
New connections (business – excluding NAVs)	nr	0	247	451	698	4Q.2
Total new connections served by incumbent	nr	0	4833	10432	15265	4Q.3
New connections – SLPs						
	nr	0	2316			4Q.4
Properties volume data						
New properties (residential - excluding NAVs)	nr	0	5645	9981	15626	4Q.5
New properties (business - excluding NAVs)	nr	0	304	451	755	4Q.6
Total new properties served by incumbent	nr	0	5949	10432	16381	4Q.7
New residential properties served by NAVs	nr	0	241	630	871	4Q.8
New business properties served by NAVs	nr	0	1	5	6	4Q.9
Total new properties served by NAVs	nr	0	242	635	877	4Q.10
Total new properties	nr	0	6191	11067	17258	4Q.11
New properties – SLP connections						
	nr	0	2316			4Q.12
New water mains data						
Length of new mains (km) - requisitions	nr	0	17			4Q.13
Length of new mains (km) - SLPs	nr	0	19			4Q.14

Section 4: Service level

Pro forma 4R

Wessex Water

Connected properties, customers and population

Line description	Units	DPs	Unmeasured	Measured	Total	Voids	RAG 4 reference
Customer numbers - average during the year							
Residential water only customers	000s	3	17,994	23,645	41,639	0.702	4R.1
Residential wastewater only customers	000s	3	226,048	440,286	666,334	12,485	4R.2
Residential water and wastewater customers	000s	3	143,815	393,775	537,590	8,564	4R.3
Total residential customers	000s	3	387,857	857,706	1245,563	21,751	4R.4
Business water only customers	000s	3	0.513	17,371	17,884	1,167	4R.5
Business wastewater only customers	000s	3	1,904	29,298	31,202	2,492	4R.6
Business water & wastewater customers	000s	3	2,534	23,627	26,161	2,318	4R.7
Total business customers	000s	3	4,951	70,296	75,247	5,977	4R.8
Total customers	000s	3	392,808	928,002	1320,810	27,728	4R.9

Line description	Units	Dps	Water			Wastewater			RAG 4 reference
			Unmeasured	Measured	Total	Unmeasured	Measured	Total	
Property numbers - average during the year									
Residential properties billed	000s	3	161,809	417,420	579,229	369,863	834,061	1203,924	4R.10
Residential void properties	000s	3			9,266			21,049	4R.11
Total connected residential properties	000s	3			588,495			1224,973	4R.12
Business properties billed	000s	3	3,047	40,998	44,045	4,438	52,925	57,363	4R.13
Business void properties	000s	3			3,485			4,810	4R.14
Total connected business properties	000s	3			47,530			62,173	4R.15
Total connected properties	000s	3			636,025			1287,146	4R.16

Line description	Units	Dps	Water																RAG 4 reference
			Unmeasured						Measured						Unbilled			Total	
			No meter	Basic meter	AMR meter	AMI meter (capable)	AMI meter (active)	Total	No meter	Basic meter	AMR meter	AMI meter (capable)	AMI meter (active)	Total	Uneconomic to bill	Other	Total		
Property and meter numbers - at end of year (31 March)																			
Total new residential properties connected in year	000s	3	0.038	0.000	0.000	0.000	0.000	0.038	0.000	5,257	0.377	0.000	0.000	5,634				5,672	4R.17
Total number of new business properties connections	000s	3	0.005	0.000	0.000	0.000	0.000	0.005	0.000	0.315	0.000	0.000	0.000	0.315				0.320	4R.18
Residential properties billed at year end	000s	3	154,901	3,596	0.724	0.000	0.000	159,221	0.000	415,414	8,127	0.000	0.000	423,541				582,762	4R.19
Residential properties unbilled at year end	000s	3													0.000	0.000	0.000	0.000	4R.20
Residential void properties at year end	000s	3						2,935						5,269				8,204	4R.21
Total connected residential properties at year end	000s	3						162,156						428,810				590,966	4R.22
Business properties billed at year end	000s	3	3,021	0.000	0.000	0.000	0.000	3,021	0.000	40,964	0.073	0.000	0.000	41,037				44,058	4R.23
Business properties unbilled at year end	000s	3													0.000	0.000	0.000	0.000	4R.24
Business void properties at year end	000s	3						0,503						2,980				3,483	4R.25
Total connected business properties at year end	000s	3						3,524						44,017				47,541	4R.26
Total connected properties at year end	000s	3						165,680						472,827				638,507	4R.27

Line description	Units	DPs	Water	Wastewater	RAG 4 reference
Population data					
Resident population	000s	3	1366,65921	2883,0229	4R.28
Non-resident population (wastewater)	000s	3		40,912	4R.29

Household population data	Units	DPs	Water			RAG 4 reference
			Resident population	Non-resident population	Total	
Household population	000s	3	1319,244	6,741	1325,985	4R.30
Household measured population (water only)	000s	3	863,248	4,411	867,659	4R.31
Household unmeasured population (water only)	000s	3	455,996	2,330	458,326	4R.32

Section 4: Service level

Pro forma 4V
Wessex Water

Mark-to-market of financial derivatives analysed based on payment dates

Line description	Units	DPs	Derivatives - Analysed by earliest payment date				Derivatives - Analysed by expected maturity date				RAG 4 reference
			Net settled	Gross Settled outflows	Gross Settled inflows	Total	Net settled	Gross Settled outflows	Gross Settled inflows	Total	
Due within one year	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.1
Between one and two years	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.2
Between two and three years	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.3
Between three and four years	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.4
Between four and five years	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.5
After five years	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.6
Total	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.7

Pro forma 4W Wessex Water

Defined Benefit Pension Scheme – Additional Information

Line description	Units	DPs	Defined benefit pension schemes			RAG 4 reference
			Pension scheme 1	Pension scheme 2	Pension scheme 3	
Scheme details						
Scheme name	Text	n/a	Wessex Water Pension Scheme	0.000	0.000	4W.1
Scheme status	Text	n/a	Closed to new members	0.000	0.000	4W.2
Scheme valuation under IAS/IFRS/FRS						
Scheme assets	£m	3	578.200	0.000	0.000	4W.3
Scheme liabilities	£m	3	594.500	0.000	0.000	4W.4
Scheme surplus / (deficit) Total	£m	3	-16.300	0.000	0.000	4W.5
Scheme surplus / (deficit) Appointed business	£m	3	-16.300	0.000	0.000	4W.6
Pension deficit recovery payments	£m	3	16.600	0.000	0.000	4W.7
Scheme valuation under part 3 of Pensions Act 2004						
Scheme funding valuation date	Date	n/a	30/09/2022	00/01/1900	00/01/1900	4W.8
Assets	£m	3	575.200	0.000	0.000	4W.9
Technical Provisions	£m	3	610.500	0.000	0.000	4W.10
Scheme surplus / (deficit)	£m	3	-35.300	0.000	0.000	4W.11
Discount rate assumptions	Text	n/a	Pre Retirement: Fixed-interest gilt yield curve plus 2.25% p.a, Post Retirement: Fixed-interest gilt yield curve plus 0.75% p.a.	0.000	0.000	4W.12
Recovery plan (where applicable)						
Recovery Plan Structure	Text	n/a	Recovery plan agreed on 30 March 2023. The company is due to pay deficit contributions of £18.4m by 1 July 2023 and up to £20.2m by 1 July 2024, with the amount falling due dependent upon the Scheme's funding position ahead of the payment date.	0.000	0.000	4W.13
Recovery plan end date	Date	n/a	01/07/2024	00/01/1900	00/01/1900	4W.14
Asset Backed Funding (ABF) arrangements	Text	n/a	Not Applicable	0.000	0.000	4W.15
Responsibility for ABF arrangements	Text	n/a	Not Applicable	0.000	0.000	4W.16

Section 5: Water resources

Pro forma 5A

Wessex Water

Water resources asset and volumes data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Water resources				
Water from impounding reservoirs	MI/d	2	79.1	5A.1
Water from pumped storage reservoirs	MI/d	2	2.69	5A.2
Water from river abstractions	MI/d	2	6.18	5A.3
Water from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	MI/d	2	253.27	5A.4
Water from artificial recharge (AR) water supply schemes	MI/d	2	0	5A.5
Water from aquifer storage and recovery (ASR) water supply schemes	MI/d	2	0	5A.6
Water from saline abstractions	MI/d	2	0	5A.7
Water from water reuse schemes	MI/d	2	0	5A.8
Number of impounding reservoirs	nr	0	11	5A.9
Number of pumped storage reservoirs	nr	0	0	5A.10
Number of river abstractions	nr	0	7	5A.11
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	nr	0	171	5A.12
Number of artificial recharge (AR) water supply schemes	nr	0	0	5A.13
Number of aquifer storage and recovery (ASR) water supply schemes	nr	0	0	5A.14
Number of saline abstraction schemes	nr	0	0	5A.15
Number of reuse schemes	nr	0	0	5A.16
Total number of sources	nr	0	189	5A.17
Total number of water reservoirs	nr	0	11	5A.18
Total volumetric capacity of water reservoirs	MI	0	20248	5A.19
Total number of intake and source pumping stations	nr	0	83	5A.20
Total installed power capacity of intake and source pumping stations	kW	0	9746	5A.21
Total length of raw water abstraction mains and other conveyors	km	2	112.99	5A.22
Average pumping head – raw water abstraction	m.hd	2	30.03	5A.23
Energy consumption - water resources (MWh)	MWh	3	9,701.76	5A.24
Total number of raw water abstraction imports	nr	0	0	5A.25
Water imported from 3rd parties to raw water abstraction systems	MI/d	2	0	5A.26
Total number of raw water abstraction exports	nr	0	0	5A.27
Water exported to 3rd parties from raw water abstraction systems	MI/d	2	0	5A.28
Water resources capacity (measured using water resources yield)	MI/d	2	397.09	5A.29
Total number of completed investigations (WINEP/NEP), cumulative for AMP	nr	0	6	5A.30

Section 5: Water resources

Pro forma 5B

Wessex Water

Water resources operating cost analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Impounding Reservoir	Pumped Storage	River Abstractions	Groundwater, excluding MAR water supply schemes	Artificial Recharge (AR) water supply schemes	Aquifer Storage and Recovery (ASR) water supply schemes	Other	Total	RAG 4 reference
Power											
Power	£m	3	1.123	0.038	0.088	3.595	0.000	0.000	0.000	4.844	5B.1
Income treated as negative expenditure	£m	3	-0.001	0.000	0.000	-0.004	0.000	0.000	0.000	-0.006	5B.2
Abstraction charges/ discharge consents	£m	3	0.633	0.022	0.049	2.028	0.000	0.000	0.000	2.732	5B.3
Bulk supply	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5B.4
Other operating expenditure											
Renewals expensed in year (Infrastructure)	£m	3	0.092	0.003	0.007	0.296	0.000	0.000	0.000	0.399	5B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5B.6
Other operating expenditure excluding renewals	£m	3	0.893	0.030	0.070	2.857	0.000	0.000	0.000	3.850	5B.7
Local authority and Cumulo rates	£m	3	0.226	0.008	0.018	0.723	0.000	0.000	0.000	0.974	5B.8
Total operating expenditure (excluding 3rd party)	£m	3	2.966	0.100	0.232	9.495	0.000	0.000	0.000	12.793	5B.9

Section 6: Water network plus

Narrative on costs

This year we have no water treatment works that have not been used during the whole report year. Following its major refurbishment, Durleigh WTW was returned to supply in September 2022.

Supply-demand balance and metering

Please see Section 4 - Supply-demand balance and metering.

Section 6: Water network plus

Pro forma 6A

Wessex Water

Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Raw water transport and storage				
Total number of balancing reservoirs	nr	0	0	6A.1
Total volumetric capacity of balancing reservoirs	MI	0	0	6A.2
Total number of raw water transport stations	nr	0	2	6A.3
Total installed power capacity of raw water transport pumping stations	kW	0	55	6A.4
Total length of raw water transport mains and other conveyors	km	2	117.99	6A.5
Average pumping head ~ raw water transport	m.hd	2	95.76	6A.6
Energy consumption – raw water transport (MWh)	MWh	3	127.177	6A.7
Total number of raw water transport imports	nr	0	0	6A.8
Water imported from 3rd parties to raw water transport systems	MI/d	2	0	6A.9
Total number of raw water transport exports	nr	0	1	6A.10
Water exported to 3rd parties from raw water transport systems	MI/d	2	0.03	6A.11
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	km	2	6.5	6A.12
Water treatment - treatment type analysis				
		Surface water		Ground water
		Water treated	Number of works	Water treated
				Number of works
	Units	MI/d	nr	MI/d
	DPs	2	0	2
All simple disinfection works		0	0	88.87
W1 works		0	0	34.51
W2 works		0	0	40.81
W3 works		0	0	0
W4 works		69.68	3	83.9
W5 works		18.29	2	5.17
W6 works		0	0	0
Water treatment - works size				
		% of total DI	Number of works	
	Units	DI	nr	
	DPs	1	0	
WTWs in size band 1		3.6	16	6A.20
WTWs in size band 2		3.4	7	6A.21
WTWs in size band 3		12	12	6A.22
WTWs in size band 4		34.2	19	6A.23
WTWs in size band 5		31	9	6A.24
WTWs in size band 6		0	0	6A.25
WTWs in size band 7		15.8	1	6A.26
WTWs in size band 8		0	0	6A.27
Water treatment - other information				
	Units	DPs	Input	
Peak week production capacity (PWPC)	MI/d	2	577.15	6A.28
Total peak week production capacity (PWPC) having enhancement expenditure for grey solution improvements to address raw water quality deterioration	MI/d	2	0	6A.29
Total peak week production capacity (PWPC) having enhancement expenditure for green solutions improvements to address raw water quality deterioration	MI/d	2	153.1	6A.30
Total water treated at more than one type of works	MI/d	2	0	6A.31
Number of treatment works requiring remedial action because of raw water deterioration	nr	0	21	6A.32
Zonal population receiving water treated with orthophosphate	000's	3	648.29	6A.33
Average pumping head – water treatment	m.hd	2	17.48	6A.34
Energy consumption - water treatment (MWh)	MWh	3	64186.866	6A.35
Total number of water treatment imports	nr	0	0	6A.36
Water imported from 3rd parties to water treatment works	MI/d	2	0	6A.37
Total number of water treatment exports	nr	0	0	6A.38
Water exported to 3rd parties from water treatment works	MI/d	2	0	6A.39

Section 6: Water network plus

Pro forma 6B

Wessex Water

Treated water distribution - assets and operations for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Assets and operations				
Total installed power capacity of potable water pumping stations	kW	0	28724	6B.1
Total volumetric capacity of service reservoirs	MI	1	628.8	6B.2
Total volumetric capacity of water towers	MI	1	9	6B.3
Water delivered (non-potable)	MI/d	2	0	6B.4
Water delivered (potable)	MI/d	2	278.74	6B.5
Water delivered (billed measured residential properties)	MI/d	2	118.51	6B.6
Water delivered (billed measured businesses)	MI/d	2	74.51	6B.7
Proportion of distribution input derived from impounding reservoirs	Propn 0 to 1	3	0.232	6B.8
Proportion of distribution input derived from pumped storage reservoirs	Propn 0 to 1	3	0.008	6B.9
Proportion of distribution input derived from river abstractions	Propn 0 to 1	3	0.018	6B.10
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Propn 0 to 1	3	0.742	6B.11
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	Propn 0 to 1	3	0	6B.12
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	Propn 0 to 1	3	0	6B.13
Proportion of distribution input derived from saline abstractions	Propn 0 to 1	3	0	6B.14
Proportion of distribution input derived from water reuse schemes	Propn 0 to 1	3	0	6B.15
Total number of potable water pumping stations that pump into and within the treated water distribution system	nr	0	293	6B.16
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	nr	0	54	6B.17
Number of potable water pumping stations delivering surface water into the treated water distribution system	nr	0	5	6B.18
Number of potable water pumping stations that re-pump water already within the treated water distribution system	nr	0	232	6B.19
Number of potable water pumping stations that pump water imported from a 3rd party supply into the treated water distribution system	nr	0	2	6B.20
Total number of service reservoirs	nr	0	300	6B.21
Number of water towers	nr	0	11	6B.22
Energy consumption – treated water distribution (MWh)	MWh	3	21799.483	6B.23
Average pumping head – treated water distribution	m.hd	2	81.4	6B.24
Total number of treated water distribution imports	nr	0	14	6B.25
Water imported from 3rd parties to treated water distribution systems	MI/d	2	9.48	6B.26
Total number of treated water distribution exports	nr	0	10	6B.27
Water exported to 3rd parties from treated water distribution systems	MI/d	2	0.84	6B.28
Peak 7 day rolling average distribution input	MI/d	2	412.09	6B.29
Peak 7 day rolling average distribution input / annual average distribution input	%	2	119.70%	6B.30
Water balance - company level				
Measured household consumption (excluding supply pipe leakage)	MI/d	2	114.23	6B.31
Unmeasured household consumption (excluding supply pipe leakage)	MI/d	2	69.76	6B.32
Measured non-household consumption (excluding supply pipe leakage)	MI/d	2	74.18	6B.33
Unmeasured non-household consumption (excluding supply pipe leakage)	MI/d	2	3.82	6B.34
Total annual leakage	MI/d	2	71.19	6B.35
Distribution system operational use	MI/d	2	3.01	6B.36
Water taken unbilled	MI/d	2	5.05	6B.37
Distribution input	MI/d	2	341.24	6B.38
Distribution input (pre-MLE)	MI/d	2	344.27	6B.39
Components of total leakage (post MLE) - company level				
Leakage upstream of DMA	MI/day	2	8.12	6B.58
87 Distribution main losses	MI/day	2	51.37	6B.59
Customer supply pipe losses – measured households excluding void properties	MI/day	2	4.28	6B.60
Customer supply pipe losses – unmeasured households excluding void properties	MI/day	2	6.46	6B.61
Customer supply pipe losses – measured non-households excluding void properties	MI/day	2	0.33	6B.62
Customer supply pipe losses – unmeasured non-households excluding void properties	MI/day	2	0.12	6B.63
Customer supply pipe losses – void measured households	MI/day	2	0.24	6B.64
Customer supply pipe losses – void unmeasured households	MI/day	2	0.13	6B.65
Customer supply pipe losses – void measured non-households	MI/day	2	0.12	6B.66
Customer supply pipe losses – void unmeasured non-households	MI/day	2	0.02	6B.67

Pro forma 6C

Wessex Water

Water network+ - Mains, communication pipes and other data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Treated water distribution - mains analysis				
Total length of potable mains as at 31 March	km	1	12116.3	6C.1
Total length of potable mains relined	km	1	0	6C.2
Total length of potable mains renewed	km	1	25.9	6C.3
Total length of new potable mains	km	1	31.9	6C.4
Total length of potable water mains (≤320mm)	km	1	11146.1	6C.5
Total length of potable water mains (>320mm and ≤ 450mm)	km	1	570	6C.6
Total length of potable water mains (>450mm and ≤610mm)	km	1	316.3	6C.7
Total length of potable water mains (> 610mm)	km	1	83.9	6C.8
Treated water distribution - mains age profile				
Total length of potable mains laid or structurally refurbished pre-1880	km	1	72.8	6C.9
Total length of potable mains laid or structurally refurbished between 1881 and 1900	km	1	324.6	6C.10
Total length of potable mains laid or structurally refurbished between 1901 and 1920	km	1	400.6	6C.11
Total length of potable mains laid or structurally refurbished between 1921 and 1940	km	1	1511.4	6C.12
Total length of potable mains laid or structurally refurbished between 1941 and 1960	km	1	2208.7	6C.13
Total length of potable mains laid or structurally refurbished between 1961 and 1980	km	1	2695.3	6C.14
Total length of potable mains laid or structurally refurbished between 1981 and 2000	km	1	2793	6C.15
Total length of potable mains laid or structurally refurbished between 2001 and 2020	km	1	1995.7	6C.16
Total length of potable mains laid or structurally refurbished post during and after 2021	km	1	114.2	6C.17
Communication pipes				
Number of lead communication pipes	nr	0	110000	6C.18
Number of galvanised iron communication pipes	nr	0	70000	6C.19
Number of other communication pipes	nr	0	428507	6C.20
Number of lead communication pipes replaced or relined for water quality	nr	0	1791	6C.21
Other				
Company area	km ²	0	7317	6C.22
Compliance Risk Index	nr	2	1.04	6C.23
Event Risk Index	nr	0	403	6C.24
Properties below reference level at end of year	nr	0	82	6C.25

Section 6: Water network plus

Pro forma 6D

Wessex Water

Demand management - Metering and leakage activities for the 12 months ended 31 March 2023

Line description	Units	DPs	Basic meter	AMR meter	AMI meter	RAG 4 reference
Metering activities - Totex expenditure						
New optant meter installation for existing customers	£m	3	1.428	0.162	0.000	6D.1
New selective meter installation for existing customers	£m	3	0.918	0.006	0.000	6D.2
New business meter installation for existing customers	£m	3	0.008	0.004	0.000	6D.3
Residential meters renewed	£m	3	0.702	0.009	0.000	6D.4
Business meters renewed	£m	3	0.262	0.005	0.000	6D.5
Metering activities - Explanatory variables						
New optant meters installed for existing customers	000s	3	3.897	0.401	0.000	6D.6
New selective meters installed for existing customers	000s	3	2.512	0.016	0.000	6D.7
New business meters installed for existing customers	000s	3	0.021	0.009	0.000	6D.8
Residential meters renewed	000s	3	10.634	0.084	0.000	6D.9
Business meters renewed	000s	3	0.315	0.006	0.000	6D.10
Replacement of basic meters with smart meters for residential customers	000s	3		0.000	0.000	6D.11
Replacement of AMR meter with AMI meters for residential customers	000s	3			0.000	6D.12
Replacement of basic meters with smart meters for business customers	000s	3		0.000	0.000	6D.13
Replacement of AMR meter with AMI meters for business customers	000s	3			0.000	6D.14
New residential meters installed for existing customers – supply-demand balance benefit	Ml/d	2	0.19	0.01	0.00	6D.15
New business meters installed for existing customers – supply-demand balance benefit	Ml/d	2	0.00	0.00	0.00	6D.16
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	Ml/d	2		0.00	0.00	6D.17
Replacement of AMR meter with AMI meter for residential customers – supply-demand balance benefit	Ml/d	2			0.00	6D.18
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	Ml/d	2		0.00	0.00	6D.19
Replacement of AMR meter with AMI meter for business customers – supply-demand balance benefit	Ml/d	2			0.00	6D.20
Residential properties - meter penetration	%	1	70.7	1.4	0.0	6D.21
Leakage activities						
Total leakage activity	£m	3	26.721	9.823	36.544	6D.22
Leakage improvements delivering benefits in 2020-25	Ml/d	2			-7.88	6D.23
Per capita consumption (excluding supply pipe leakage)						
Per capita consumption (measured)	l/h/d	2	131.66			6D.24
Per capita consumption (unmeasured)	l/h/d	2	152.21			6D.25

Section 7: Wastewater network plus

Narrative on costs

We agree that the term 'structurally refurbished' refers to any repair which improves the structural integrity of the pipe such that its expected service life is extended. We have reported our repair length in Line 7C.15 to that definition. The actual length of repair for proactive rising main repairs is known and reported. The actual length of repair is known for most reactive rising main repairs. However, a 1m repair length is assumed where the actual length of repair is not known.

All our water recycling centres reported against lines 7D.17 – 20 (population equivalent at WRCs with new/tightened consents) have been delivered primarily by capex solutions. No population equivalent has been assigned to the opex associated with Catchment Nutrient Balancing.

Pro forma 7A

Wessex Water

Wastewater network+ - Functional expenditure for the 12 months ended 31 March 2023

Line description	Units	DPs	£'000	RAG 4 reference
Costs of STWs in size bands 1 to 5				
Direct costs of STWs in size band 1	000s	3	2,015.027	7A.1
Direct costs of STWs in size band 2	000s	3	1,510.067	7A.2
Direct costs of STWs in size band 3	000s	3	6,895.389	7A.3
Direct costs of STWs in size band 4	000s	3	9,839.738	7A.4
Direct costs of STWs in size band 5	000s	3	14,131.065	7A.5
General & support costs of STWs in size bands 1 to 5	000s	3	1,440.758	7A.6
Functional expenditure of STWs in size bands 1 to 5 (excluding 3rd party services)	000s	3	35,832.046	7A.7
Costs of large STWs (size band 6)				
Service charges for STWs in size band 6	000s	3	687.054	7A.8
Estimated terminal pumping costs size band 6 works	000s	3	859.695	7A.9
Other direct costs of STWs in size band 6	000s	3	34,123.530	7A.10
Direct costs of STWs in size band 6	000s	3	35,670.279	7A.11
General & support costs of STWs in size band 6	000s	3	1,494.339	7A.12
Functional expenditure of STWs in size band 6 (excluding 3rd party services)	000s	3	37,164.618	7A.13
Costs of STWs - all sizes				
Total operating functional expenditure (excluding 3rd party services)	000s	3	72,996.663	7A.14

Pro forma 7C

Wessex Water

Wastewater network+ - Sewer and volume data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Wastewater network				
Connectable properties served by s101A schemes completed in the report year	nr	0	7	7C.1
Number of s101A schemes delivered in the report year	nr	0	1	7C.2
Total pumping station capacity	kW	0	47,560	7C.3
Number of network pumping stations	nr	0	2,159	7C.4
Total number of sewer blockages	nr	0	14,146	7C.5
Total number of gravity sewer collapses	nr	0	106	7C.6
Total number of sewer rising main bursts	nr	0	77	7C.7
Number of combined sewer overflows	nr	0	1,092	7C.8
Number of emergency overflows	nr	0	199	7C.9
Number of settled storm overflows	nr	0	195	7C.10
Sewer age profile (constructed post 2001)	km	0	6,667	7C.11
Volume of trade effluent	MI/yr	2	6,099.92	7C.12
Volume of wastewater receiving treatment at sewage treatment works	MI/yr	2	327,971.79	7C.13
Length of gravity sewers rehabilitated	km	0	32	7C.14
Length of rising mains replaced or structurally refurbished	km	0	8	7C.15
Length of foul (only) public sewers	km	0	9,237	7C.16
Length of surface water (only) public sewers	km	0	4,479	7C.17
Length of combined public sewers	km	0	3,121	7C.18
Length of rising mains	km	0	1,260	7C.19
Length of other wastewater network pipework	km	0	0	7C.20
Total length of "legacy" public sewers as at 31 March	km	0	18,097	7C.21
Length of formerly private sewers and lateral drains (s105A sewers)	km	0	16,992	7C.22

Section 7: Wastewater network plus

Pro forma 7D

Wessex Water

Wastewater network+ - Sewage treatment works data for the 12 months ended 31 March 2023

Line description	Units	DPs	Treatment categories								Treatment works consents														RAG 4 reference				
			Primary	Secondary			Tertiary				Total	Phosphorus				BOD ₅				Ammonia						Total			
				Activated Sludge	Biological	A1	A2	B1	B2	Total		<=0.5mg/l	>0.5 to <=1mg/l	>1mg/l	No permit	<=7mg/l	>7 to <=10mg/l	>10 to <=20mg/l	>20mg/l	No permit	<=1mg/l	>1 to <=3mg/l	>3 to <=10mg/l	>10mg/l			No permit		
Load received at sewage treatment works																													
Load received by STWs in size band 1	kg BOD ₅ /day	0	1	42	174	44	5	30	13	309	0	0	0	309	309	0	0	73	70	166	309	0	0	20	122	167	309	7D.1	
Load received by STWs in size band 2	kg BOD ₅ /day	0	0	16	332	42	0	115	71	576	0	0	71	505	576	0	0	209	367	0	576	0	0	290	266	20	576	7D.2	
Load received by STWs in size band 3	kg BOD ₅ /day	0	0	258	2,336	161	81	1,480	1,943	6,259	0	0	676	718	4,865	6,259	0	313	3,441	2,505	0	6,259	0	401	3,071	2,681	105	6,259	7D.3
Load received by STWs in size band 4	kg BOD ₅ /day	0	0	1,498	4,234	201	1,162	3,489	7,294	17,878	658	3,602	2,020	11,598	17,878	0	381	7,525	9,972	0	17,878	0	0	10,603	6,688	587	17,878	7D.4	
Load received by STWs in size band 5	kg BOD ₅ /day	0	0	639	2,061	2,310	9,457	0	#####	29,754	5,183	7,854	8,630	8,087	29,754	0	885	16,846	12,022	0	29,753	0	4,835	11,482	10,499	2,938	29,754	7D.5	
Load received by STWs above size band 5	kg BOD ₅ /day	0	0	58,569	0	0	56,182	0	#####	147,203	3,955	18,103	17,532	107,612	147,202	0	0	52,943	94,260	0	147,203	0	9,091	56,944	9,483	71,686	147,204	7D.6	
Total load received	kg BOD ₅ /day	0	1	61,022	9,137	2,758	66,887	5,114	#####	201,979	9,796	30,235	28,971	132,976	201,978	0	1,579	81,037	119,196	166	201,978	0	14,327	82,410	29,739	75,503	201,979	7D.7	
Load received from trade effluent customers at treatment works	kg BOD ₅ /day	0																										7D.8	
Number of sewage treatment works																													
STWs in size band 1	nr	0	19	26	92	3	2	10	1	153	0	0	0	153	153	0	0	15	27	111	153	0	0	7	20	126	153	7D.9	
STWs in size band 2	nr	0	0	1	19	2	0	6	4	32	0	0	3	29	32	0	0	13	18	1	32	0	0	15	15	2	32	7D.10	
STWs in size band 3	nr	0	0	5	40	2	1	20	28	96	0	11	11	74	96	0	3	52	41	0	96	0	4	48	42	2	96	7D.11	
STWs in size band 4	nr	0	0	8	17	1	3	9	23	61	2	12	6	41	61	0	2	24	35	0	61	0	0	35	23	3	61	7D.12	
STWs in size band 5	nr	0	0	1	2	2	9	0	16	30	5	9	8	8	30	0	1	17	12	0	30	0	4	14	9	3	30	7D.13	
STWs above size band 5	nr	0	0	4	0	0	12	0	10	26	1	5	6	14	26	0	0	13	13	0	26	0	3	13	3	7	26	7D.14	
Total number of works	nr	0	19	45	170	10	27	45	82	398	8	37	34	319	398	0	6	134	146	112	398	0	11	132	112	143	398	7D.15	
Population equivalent																													
Current population equivalent served by STWs	000s	3	3,503.476																										7D.16
Current population equivalent served by STWs with tightened/new P consents	000s	3	1.473																										7D.17
Current population equivalent served by STWs with tightened/new N consents	000s	3	0.000																										7D.18
Current population equivalent served by STWs with tightened/new sanitary parameter consents	000s	3	0.000																										7D.19
Current population equivalent served by STWs with tightened/new microbiological treatment consents (for example UV, ozone etc)	000s	3	0.000																										7D.20
Population equivalent treatment capacity enhancement	000s	3	3.838																										7D.21
Current population equivalent served by STWs with tightened/new consents for chemicals or other hazardous substances.	000s	3	0.000																										7D.22

Pro forma 7E

Wessex Water

Wastewater network+ - Other data including energy consumption and scheme delivery for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Other				
Total sewerage catchment area	km ²	0	2,141	7E.1
Designated bathing waters (inland and coastal)	nr	0	49	7E.2
Number of intermittent discharge event duration monitoring	nr	0	199	7E.3
Number of monitors for flow monitoring at STWs	nr	0	19	7E.4
Number of odour related complaints	nr	0	1,245	7E.5
Energy consumption				
Energy consumption - sewage collection	MWh	3	43,451.74	7E.6
Energy consumption - sewage treatment	MWh	3	157,262.95	7E.7
Energy consumption - wastewater network +	MWh	3	200,714.694	7E.8
Scheme delivery				
Cumulative shortfall in FFT addressed by WINEP / NEP schemes to increase STW capacity	l/s	3	43.7	7E.9
Number of sites with an increase in sewage treatment works capacity delivered to address a shortfall in FFT	nr	0	3	7E.10
Additional storm tank capacity provided at sewage treatment works (grey infrastructure)	m3	3	205	7E.11
Additional effective storm storage capacity at sewage treatment works (green infrastructure)	m3	3	0	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m3	3	6	7E.13
Additional effective storage in the network delivered through green infrastructure	m3	3	0	7E.14
Total number of sewage treatment works sites where additional storage has been delivered (grey infrastructure)	nr	0	3	7E.15
Number of sewage treatment works sites where additional storage has been delivered with pumping (grey infrastructure)	nr	0	3	7E.16
Number of sewage treatment works benefitting from green infrastructure replacing the need for storm tank storage	nr	0	0	7E.17
Number of sites delivering additional network storage (grey infrastructure)	nr	0	2	7E.18
Number of sites delivering additional network storage including pumping (grey infrastructure)	nr	0	0	7E.19
Number of sites delivering additional network storage through green infrastructure	nr	0	0	7E.20
Surface water separation drainage area removed	m2	0	8,361.00	7E.21
Number of schemes delivered to meet tightened or new sanitary consents	nr	0	0	7E.22
Number of installations requiring civils for flow monitoring at sewage treatment works	nr	0	9	7E.23
Number of installations requiring civils for event duration monitoring at intermittent discharges	nr	0	51	7E.24
Number of storm overflows where improvements have been made to reduce harm or reduce spill frequencies	nr	0	2	7E.25

Section 8: Bioresources

Narrative on costs

We use actual road distances for lines 8A.10, 8A.11 and 8A.13. We have reported zeros against lines 8A.15 and 8A.18.

As explained in our commentary for this table, we currently have not used actual road distances for line 8A.16 (measure of work done in sludge disposal operations by truck). In order to obtain road kilometres, we calculate a conversion factor for each producer. We use this conversion factor to convert Crow km to road km. Crow km is calculated using National Grid References (NGRs) of the producer and the stockpile location.

The conversion factors are used because each year the stockpile locations change and therefore crow and road km will continuously change. It is our intention to implement an automatic calculation method of actual journey distances for the next reporting period.

Our commentary for 8A.1 and 8A.2 explains how the quantities for incumbent and third-party treatment of sludge are identified separately and with no double-counting.

The volume of sludge arising from the treatment of organic waste cannot be directly measured – it can only be calculated from measurement of volume and load discharged into the head of the water recycling centre.

We routinely measure settled chemical oxygen demand (COD) and total suspended solids and have comprehensive data for these parameters. To estimate sludge production requires further data on biochemical oxygen demand (BOD) and settleable solids for which we have limited data only.

To derive secondary sludge production, we use a conversion factor (kg sludge produced from kg BOD) for the relevant process at each STW where organic waste is treated. The procedure for this calculation is as follows, which is the same method used in our forecast for the 2019-20 APR:

- STCs receiving non-appointed liquid waste are identified
- liquid waste flow and load data is collected; provided by Wessex Water Enterprises
- COD, SS and BOD loads estimated for each site using sample data and COD: SS and COD:BOD ratios
- equivalent sludge mass calculated for each water recycling centre and treatment process stage, using standard conversion factors for converting the organic load to produced sludge solids.

Pro forma 8A

Wessex Water

Bioresources sludge data for the 12 months ended 31 March 2023

Line description	Units	DPs	Total	RAG 4 reference
Total sewage sludge produced, treated by incumbents	ttds/ year	1	62.8	8A.1
Total sewage sludge produced, treated by 3 rd party sludge service provider	ttds/ year	1	0.2	8A.2
Total sewage sludge produced	ttds/ year	1	63.0	8A.3
Total sewage sludge produced from non-appointed liquid waste treatment	ttds/ year	1	4.0	8A.4
Percentage of sludge produced and treated at a site of STW and STC co-location	%	2	0.47	8A.5
Total sewage sludge disposed by incumbents	ttds/ year	1	44.5	8A.6
Total sewage sludge disposed by 3 rd party sludge service provider	ttds/ year	1	0.1	8A.7
Total sewage sludge disposed	ttds/ year	1	44.6	8A.8
Total measure of intersiting 'work' done by pipeline	ttds*km/year	0	15	8A.9
Total measure of intersiting 'work' done by tanker	ttds*km/year	0	909	8A.10
Total measure of intersiting 'work' done by truck	ttds*km/year	0	181	8A.11
Total measure of intersiting 'work' done (all forms of transportation)	ttds*km/year	0	1,106	8A.12
Total measure of intersiting 'work' done by tanker (by volume transported)	m ³ *km/yr	0	21,821,876	8A.13
Total measure of 'work' done in sludge disposal operations by pipeline	ttds*km/year	0	0	8A.14
Total measure of 'work' done in sludge disposal operations by tanker	ttds*km/year	0	0	8A.15
Total measure of 'work' done in sludge disposal operations by truck	ttds*km/year	0	1,988	8A.16
Total measure of 'work' done in sludge disposal operations (all forms of transportation)	ttds*km/year	0	1,988	8A.17
Total measure of 'work' done by tanker in sludge disposal operations (by volume transported)	m ³ *km/yr	0	8,746,540	8A.18
Chemical P sludge as % of sludge produced at STWs	%	2	0.41	8A.19

Section 8: Bioresources

Pro forma 8B

Wessex Water

Bioreources operating expenditure analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Pipeline	Tanker	Truck	Total	RAG 4 reference				
Sludge transport method											
Power	£m	3	0.012	0.040	0.001	0.053	8B.1				
Income treated as negative expenditure	£m	3	-0.025	-0.080	-0.001	-0.106	8B.2				
Discharge consents	£m	3	0.000	0.000	0.000	0.000	8B.3				
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	8B.4				
Other operating expenditure											
Renewals expended in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	8B.5				
Renewals expended in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	8B.6				
Other operating expenditure excluding renewals	£m	3	1.987	6.427	0.104	8.518	8B.7				
Total functional expenditure	£m	3	1.974	6.387	0.104	8.465	8B.8				
Local authority and Cumulo rates	£m	3	0.005	0.015	0.000	0.020	8B.9				
Total operating expenditure (excluding 3rd party)	£m	3	1.979	6.402	0.104	8.485	8B.10				
Line description	Units	DPs	Untreated Sludge	Raw Sludge liming	Conventional AD	Incineration of raw sludge	Photo-conditioning/composting	Advanced Anaerobic Digestion	Other	Total	RAG 4 reference
Sludge treatment type											
Power	£m	3	0.000	0.448	0.731	0.000	0.000	1.520	0.000	2.699	8B.11
Income treated as negative expenditure	£m	3	0.000	-0.710	-1.159	0.000	0.000	-2.408	0.000	-4.277	8B.12
Discharge consents	£m	3	0.000	0.004	0.006	0.000	0.000	0.012	0.000	0.022	8B.13
Bulk discharge	£m	3	0.000	0.002	0.004	0.000	0.000	0.008	0.000	0.014	8B.14
Other operating expenditure											
Renewals expended in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.15
Renewals expended in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.16
Other operating expenditure excluding renewals	£m	3	0.000	1.920	3.135	0.000	0.000	6.513	0.000	11.568	8B.17
Total functional expenditure	£m	3	0.000	1.664	2.717	0.000	0.000	5.645	0.000	10.026	8B.18
Local authority and Cumulo rates	£m	3	0.000	0.265	0.432	0.000	0.000	0.897	0.000	1.594	8B.19
Total operating expenditure (excluding 3rd party)	£m	3	0.000	1.929	3.149	0.000	0.000	6.542	0.000	11.620	8B.20
Line description	Units	DPs	Landfill, raw	Landfill, partly treated	Land restoration/reclamation	Sludge recycled to farmland	Incineration of digested Sludge	Other	Total	RAG 4 reference	
Sludge disposal route											
Power	£m	3	0.000	0.000	0.000	0.044	0.000	0.000	0.044	8B.21	
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	-0.637	0.000	0.000	-0.637	8B.22	
Discharge consents	£m	3	0.000	0.000	0.000	0.002	0.000	0.000	0.002	8B.23	
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.24	
Other operating expenditure											
Renewals expended in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.25	
Renewals expended in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.26	
Other operating expenditure excluding renewals	£m	3	0.000	0.000	0.000	6.196	0.000	0.000	6.196	8B.27	
Total functional expenditure	£m	3	0.000	0.000	0.000	5.605	0.000	0.000	5.605	8B.28	
Local authority and Cumulo rates	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.29	
Total operating expenditure (excluding 3rd party)	£m	3	0.000	0.000	0.000	5.605	0.000	0.000	5.605	8B.30	

Section 8: Bioresources

Pro forma 8C

Wessex Water

Bioresources energy and liquors analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Electricity	Heat	Biomethane	Total	Electricity	Heat	Biomethane	Total	RAG 4 reference
			MWh (0 DPs)	MWh (0 DPs)	MWh (0 DPs)	MWh (0 DPs)	£m (3 DPs)	£m (3 DPs)	£m (3 DPs)	£m (3 DPs)	

Energy											
Energy consumption - bioresources	SE Column	SE Column								1.685	8C.1
Energy generated by and used in bioresources control	SE Column	SE Column	0	0	0	0	0.000	0.000	0.000	0.000	8C.2
Energy generated by bioresources and used in network plus control	SE Column	SE Column	0	0	0	0	0.000	0.000	0.000	0.000	8C.3
Energy generated by bioresources and exported to the grid or third	SE Column	SE Column	0	0	118,461	118,461	0.000	0.000	-4.228	-4.228	8C.4
Energy generated by bioresources that is unused	SE Column	SE Column	0	0	0	0					8C.5
Energy bought from grid or third party and used in bioresources	SE Column	SE Column	10,475	28,271	0	38,746	3.472	1.702	0.000	5.174	8C.6

Income from renewable energy subsidies				Unit	DPs	Value	
Income claimed from Renewable Energy Certificates (ROCs)	£m	3	0.000				8C.7
Income claimed from Renewable Heat Incentives (RHIs)	£m	3	0.000				8C.8
Income claimed from [other renewable energy subsidy (1)]	£m	3	0.000				8C.9
Income claimed from [other renewable energy subsidy (2)]	£m	3	0.000				8C.10
Income claimed from [other renewable energy subsidy (3)]	£m	3	0.000				8C.11
Total income claimed from renewable energy subsidies	£m	3	0.000				8C.12
% of total number of renewable energy subsidies due to expire in the next 2 financial years	%	0	0%				8C.13
This year's value of renewable energy subsidies due to expire in the next 2 financial years	£m	3	0.000				8C.14

Note: Companies to input specific subsidy which is being referenced in lines 8C.8 - 8C.10.

Bioresources liquors treated by network plus (shadow reported)				Unit	DPs	Value	
BOD load of liquor or partially treated liquor returned from bioresources to network plus	kg/d	0	9,396				8C.15
Ammonia load of liquor or partially treated liquor returned from bioresources to network plus	kg Amm-N/d	0	2,946				8C.16
Recharge to Bioresources by network plus for costs of handling and treating bioresources liquors	£m	3	2.026				8C.17

	Units	DPs	Electricity	Heat	Biomethane	Total	Electricity	Heat	Biomethane	Total
			MWh (0 DPs)	MWh (0 DPs)	MWh (0 DPs)	MWh (0 DPs)	£m (3 DPs)	£m (3 DPs)	£m (3 DPs)	£m (3 DPs)

Energy (AMP 7 shadow reported values)											
Energy consumption - bioresources	SE Column	SE Column								3.721	8C.18
Energy generated by and used in bioresources control	SE Column	SE Column	0	0	0	0	0.000	0.000	0.000	0.000	8C.19
Energy generated by bioresources and used in network plus control	SE Column	SE Column	0	0	0	0	0.000	0.000	0.000	0.000	8C.20
Energy generated by bioresources and exported to the grid or third	SE Column	SE Column	0	0	118,461	118,461	0.000	0.000	-4.228	-4.228	8C.21
Energy generated by bioresources that is unused	SE Column	SE Column	0	0	0	0					8C.22
Energy bought from grid or third party and used in bioresources	SE Column	SE Column	10,474	28,271	0	38,745	3.472	1.702	0.000	5.174	8C.23

	%
--	---

Percentage of bioresources energy consumption that is metered	100.000%	8C.24
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Pro forma 8D

Wessex Water

Bioresources sludge treatment and disposal data for the 12 months ended 31 March 2023

Line description	Units	DPs	By incumbent	By 3rd party sludge service providers	RAG 4 reference
Sludge treatment process					
% Sludge - untreated	%	1	0.0%	0.0%	8D.1
% Sludge treatment process - raw sludge liming	%	1	16.6%	0.0%	8D.2
% Sludge treatment process - conventional AD	%	1	27.1%	82.0%	8D.3
% Sludge treatment process - advanced AD	%	1	56.3%	18.0%	8D.4
% Sludge treatment process - incineration of raw sludge	%	1	0.0%	0.0%	8D.5
% Sludge treatment process - other (specify)	%	1	0.0%	0.0%	8D.6
% Sludge treatment process - Total	%	1	100.0%	100.0%	8D.7
(Un-incinerated) sludge disposal and recycling route					
% Sludge disposal route - landfill, raw	%	1	0.0%	0.0%	8D.8
% Sludge disposal route - landfill, partly treated	%	1	0.0%	0.0%	8D.9
% Sludge disposal route - land restoration/ reclamation	%	1	0.0%	0.0%	8D.10
% Sludge disposal route - sludge recycled to farmland	%	1	100.0%	100.0%	8D.11
% Sludge disposal route - other (specify)	%	1	0.0%	0.0%	8D.12
% Sludge disposal route - Total	%	1	100.0%	100.0%	8D.13

Section 9: Innovation competition

Innovation competition

In line with Ofwat guidance, we are reporting having collected the allowed revenues from customers. There was no additional revenue from royalties as no projects have been initiated. For companies that have had projects approved, we have funded the required amounts.

We are a named partner on 12 projects that have been awarded funding, of which five were announced in round two, shortly in advance of the 2022-23 reporting year.

Section 9: Innovation competition

Pro forma 9A

Wessex Water

Innovation competition

Line description	Units	DPs	Current year
------------------	-------	-----	--------------

Allowed			
Allocated innovation competition fund price control revenue	£m	3	1,950

Revenue collected for the purposes of the innovation competition			
Innovation fund income from customers	£m	3	1,950
Income from customers to fund innovation projects the company is leading on	£m	3	0.000
Income from customers as part of the inflation top-up mechanism	£m	3	0.000
Income from other water companies to fund innovation projects the company is leading on	£m	3	0.000
Income from customers that is transferred to other companies as part of the innovation fund	£m	3	1,017
Non-price control revenue (e.g. royalties)	£m	3	0.000

Administration			
Administration charge for innovation partner	£m	3	0.074

Line description	1		2		3		4		5		6		7		8		9		10		11		12		13	
	Units	DPs	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Total amount of funding awarded to the lead company through the innovation fund																										
Total amount of inflation top-up funding received																										
Forecast expenditure on innovation fund projects in year (excl 10% partnership contribution)																										
Actual expenditure on innovation fund projects in year (excl 10% partnership contribution)																										
Difference between actual and forecast expenditure																										
Forecast project lifecycle expenditure on innovation fund projects (excl 10% partnership contribution)																										
Cumulative actual expenditure on innovation fund projects (excl 10% partnership contribution)																										
Difference between actual and forecast expenditure																										
Allowed future expenditure on innovation fund projects (excl 10% partnership contribution)																										
In year expenditure on innovation projects funded by shareholders of the lead water company																										
In year expenditure on innovation projects funded by project partner contributions																										
Cumulative expenditure on innovation projects funded by shareholders of the lead water company																										
Cumulative expenditure on innovation projects funded by project partner contributions																										

Innovation project 1 <please insert project name>									0.000						0.000											
Innovation project 2									0.000						0.000											
Innovation project 3									0.000						0.000											
Innovation project 4									0.000						0.000											
Innovation project 5									0.000						0.000											
Innovation project 6									0.000						0.000											
Innovation project 7									0.000						0.000											
Innovation project 8									0.000						0.000											
Innovation project 9									0.000						0.000											
Innovation project 10									0.000						0.000											
Innovation project 11									0.000						0.000											
Innovation project 12									0.000						0.000											
Innovation project 13									0.000						0.000											
Innovation project 14									0.000						0.000											
Innovation project 15									0.000						0.000											
Total			0.000	0.000	0.000	0.000	0.000	0.000	0.000					0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

RAG 4 reference

9A.1

9A.2

9A.3

9A.4

9A.5

9A.6

9A.7

9A.8

9A.9

9A.10

9A.11

9A.12

9A.13

9A.14

9A.15

9A.16

9A.17

9A.18

9A.19

9A.20

9A.21

9A.22

9A.23

9A.24

Section 10: Green recovery

We are not required to populate the tables in this section.

Section 11: Greenhouse gas emissions

Pro forma 11A
Wessex Water

Greenhouse gas emissions reporting for the 12 months ended 31 March 2023

Line description	Operational emissions			RAG 4 reference
	Water	Wastewater	Total	
Unit	tCO ₂ e	tCO ₂ e	tCO ₂ e	
DPs	3	3	3	
Scope one emissions				
Burning of fossil fuels (location-based)	702.294	12,364.574	13,066.868	11A.1
Burning of fossil fuels (market-based)	702.294	12,364.574	13,066.868	11A.2
Process and fugitive emissions	-	33,607.324	33,607.324	11A.3
Vehicle transport	3,812.169	7,237.595	11,049.764	11A.4
Emissions from land	-	-	-	11A.5
Total scope one emissions (location-based)	4,514.463	53,209.494	57,723.956	11A.6
Total scope one emissions (market-based)	4,514.463	53,209.494	57,723.956	11A.7
Scope one emissions: GHG type CO ₂	4,452.446	19,424.481	23,876.927	11A.8
Scope one emissions: GHG type CH ₄	0.913	14,242.528	14,243.441	11A.9
Scope one emissions: GHG type N ₂ O	61.081	19,542.473	19,603.554	11A.10
Scope one emissions: GHG other types	-	-	-	11A.11
Scope two emissions				
Purchased electricity (location-based)	15,864.846	28,200.864	44,065.710	11A.12
Purchased electricity (market-based)	28,810.000	51,212.000	80,021.000	11A.13
Purchased heat	-	-	-	11A.14
Electric vehicles	-	-	-	11A.15
Removal of electricity to charge electric vehicles at site	-	-	-	11A.16
Total scope two emissions (location-based)	15,864.846	28,200.864	44,065.710	11A.17
Total scope two emissions (market-based)	28,810.000	51,212.000	80,021.000	11A.18
Scope two emissions: GHG type CO ₂	15,686.820	27,884.410	43,571.230	11A.19
Scope two emissions: GHG type CH ₄	65.632	116.665	182.297	11A.20
Scope two emissions: GHG type N ₂ O	112.394	199.789	312.183	11A.21
Scope two emissions: GHG other types	-	-	-	11A.22
Scope three emissions				
Business travel	289.213	549.086	838.299	11A.23
Outsourced activities	2,488.997	4,913.210	7,402.208	11A.24
Purchased electricity; extraction, production, transmission and distribution (location-based)	5,596.156	9,937.816	15,533.972	11A.25
Purchased electricity; extraction, production, transmission and distribution (market-based)	5,596.156	9,937.816	15,533.972	11A.26
Purchased heat; extraction, production, transmission and distribution	-	-	-	11A.27
Purchased fuels; extraction, production, transmission and distribution	314.896	5,544.055	5,858.952	11A.28
Chemicals	3,257.000	1,859.000	5,116.000	11A.29
Disposal of waste	-	8,403.005	8,403.005	11A.30
Total scope three emissions (location-based)	11,946.263	31,206.173	43,152.436	11A.31
Total scope three emissions (market-based)	11,946.263	31,206.173	43,152.436	11A.32
Scope three emissions: GHG type CO ₂	11,797.569	22,281.199	34,078.768	11A.33
Scope three emissions: GHG type CH ₄	6.856	2,115.405	2,122.261	11A.34
Scope three emissions: GHG type N ₂ O	45.046	6,625.806	6,670.852	11A.35
Scope three emissions: GHG other types	96.791	183.763	280.555	11A.36
Gross operational emissions (Scopes 1,2 and 3)				
Gross operational emissions (location-based)	32,325.572	112,616.531	144,942.102	11A.37
Gross operational emissions (market-based)	45,270.726	135,627.667	180,898.392	11A.38
Emissions reductions				
Exported renewables	-	-	-	11A.39
Exported biomethane	-	-	-	11A.40
Insets	-	-	-	11A.41
Other emissions reductions	-	-	-	11A.42
Total emissions reductions	-	-	-	11A.43
Net annual emissions				
Net annual emissions (location-based)	32,325.572	112,616.531	144,942.102	11A.44
Net annual emissions (market-based)	45,270.726	135,627.667	180,898.392	11A.45
GHG intensity ratios				
Emissions per Ml of treated water	0.254	-	-	11A.46
Emissions per Ml of sewage treated	-	0.342	-	11A.47
Other				
Green tariff electricity	-	-	-	11A.48
Embedded emissions				
Capital projects	-	-	-	11A.49
Capital projects (cradle-to-gate)	-	-	-	11A.50
Capital projects (cradle-to-build)	24,547.797	23,087.784	47,635.581	11A.50
Purchased goods and services	3,482.409	11,354.933	14,837.342	11A.51

Assurance

Board statement on accuracy and completeness of data and information

The Board confirms it is satisfied that the data and information which the Company has provided to Ofwat in the reporting year and/or which the Company has published in its role as a water and sewerage undertaker was accurate and complete.

Francis Yeoh

Chairman

Colin Skellett

Chief Executive

Jim McKenna

Senior Independent Non-Executive Director

Kate Mingay

Chair of Audit and Risk Committee

14 July 2023

Our assurance framework

Being honest and ethical in the way we conduct our business is one of our core values. The board has a well-established assurance framework, underpinned by our core values and ethics.

The board carries out a wide range of activities to be able to make this statement, detailed in the company's Regulatory Assurance Manual.

Our overall approach to information assurance is governed by our business risk assurance map, which is published on our website. This is based on three levels of defence.

First level of defence: Director and management oversight of 'business as usual' risk mitigation measures covered by policies and procedures

Second level of defence: Functions that oversee or specialise in risk management and/or compliance, eg, Risk Management Group, Security Management Group

Third level of defence: Functions that provide independent assurance eg, internal and external audit.

The following groups and processes are in place as part of our approach to information assurance.

Audit and Risk Committee

The Audit and Risk Committee assist the Board in monitoring the Company's obligations in relation to financial reporting, internal control and audit, and compliance and risk management systems. Part of the Committee's role is to review the company's financial statements and Annual Review documents, including the Annual Performance Report.

External audit

Our external technical auditors (currently Mott MacDonald) provide assurance on our regulatory submissions including the annual performance report, charges schemes and price review submissions.

Our financial auditors (currently EY) audit elements of the annual performance report (including the financial statements) as well as the non-statutory accounts and price review submissions.

Please see assurance statements for the 2022-23 annual performance report below.

Internal audit

Internal audit delivers a flexible, risk-based programme of internal audits, which are reported to the Audit and Risk Committee.

Certification

The annual company certification process (iComply) requires employees to confirm awareness of, and compliance with, the company's rules, policies and procedures relevant to their role, including on data reporting. The results are reported to the Audit and Risk Committee.

We use an additional certification process to support the Audit and Risk Committee and board approval process for regulatory submissions to Ofwat, including the annual performance report.

Method statements

The process for generating the data and information in the annual performance report is detailed in method statements for each table. These are reviewed as part of the external assurance process.

Risk assessment

We vary the assurance activities we undertake for different submissions and publications depending on the risk of misreporting. For each piece of information, the impact and the likelihood of any error is considered. Our Information Risk Register details the level of assurance applied to routine submissions and publications. In addition, we provide data and information to our stakeholders on an ad-hoc basis. We assess any assurance requirements for these on a case-by-case basis.

The risk assessment is used to develop an audit needs analysis on an annual basis. This considers the residual risk and assurance cover to date. The audit needs analysis is used to develop an annual information assurance programme, which is presented to the Audit and Risk Committee for approval.

These processes satisfy the Board that the Company has appropriately identified and addressed risks to the provision of accurate and complete data and information in particular areas.

External technical assurance report

Assurance statement

To: Wessex Water audit and risk committee

I refer to my review of technical aspects of Wessex Water's annual performance report, which have been audited under my direction. We were given free access to people and information as necessary to complete our work.

In my professional opinion, based on to the extent disclosed by sampling carried out and as described in my report to Wessex Water dated 12 June 2023:

1. The performance commitment data in tables 3A to 3I inclusive have been completed appropriately.
2. The capex expenditure data in tables 4D, 4E, 4F, 4G, 4J, 4K, 4N, 4O has been compiled appropriately. The capex and opex expenditure data in table 4L and 4M has been compiled appropriately.
3. The technical data in tables 4Q, 4R, 5A, 6A, 6B, 6C, 6D, 6F, 7B, 7C, 7D, 7E, 7F, 8A, 8C, 8D, 9A, 11A has been compiled appropriately.
4. Errors and omissions were corrected as a result of our audits.
5. We made minor recommendations for continuing improvement of the annual reporting process.

Dr Andrew Heather

Mott MacDonald Ltd

12 June 2023

Introduction and background

Water company annual performance reports include technical performance results, which are not subject to Ofwat's requirement for auditor opinion. Company boards are responsible for the accuracy and completeness of the data they provide to Ofwat and/or which they publish in their role as water and sewerage undertaker.

Our assurance is intended to support decision making as the Wessex Water Board prepare to assure Ofwat of the quality of Wessex Water's technical performance data. This document is not intended for any other purpose and users should read the 'use of this document' notice.

Our review of technical performance reports was based on sampling, so this document should be read in combination with directors' full knowledge of the company.

Between April and June 2023, we reviewed:

- Reported values of all 46 FD19 performance commitments and checked that good processes were in place for the collation and reporting of annual results. These are reported through nine proforma tables in Section 3 of the APR.
- The 28 APR technical data tables, including section 4 tables which cover expenditure by asset type. (Same as last year)
- Seven historic June Annual Return tables which are not published or sent to Ofwat, but contain data that is used at price reviews, tracks statutory processes, or which you consider to be useful to monitor.
- CCW Return tables, EPA tables, Bioresource market tables, Gender Pay Gap, PR24 Outcomes, TCFD (Task Force on Climate-related Financial Disclosures) and SECR (Streamlined Energy & Carbon Reporting)
- The extra information that Ofwat requested including Greenhouse Gas Emissions Historical Data and Developer Services Information.
- The values quoted in your Annual review summary for 2022-23, to confirm they agreed with those in the main APR data tables.

As requested by 'IN 23/03 Expectations for monopoly company annual performance reporting 2022-23', we confirm that we have reviewed all PCs including the reported 2022-23 financial PCs. The PCs reviewed are detailed below (Appendix 1 – Performance commitments outturn).

Scope

14 test procedures were applied to each of the measures for APR23 (to the extent they were applicable):

Pre-Audit Check:

1. Has the document for audit been uploaded in the SharePoint? If yes provide a link to document otherwise raise an action to ask when the documents will be uploaded.
2. Are there any change on the line descriptions, definitions and any additional guidance from last year's submission? If no then no more action is required.

Audit Tests

1. If actions were raised last year, have they been completed?
2. Has the data table been signed off by the owner and compiler?
3. Have any changes from previous submissions been adequately explained?
4. Does the method statement (MS) adequately support the provision of accurate and complete data and information and has it been used to populate the reported figures?
5. Is data collection and storage robust, including the upstream processes which generate the data?
6. Are the procedures in place adequate to provide accurate and complete data and information. For example, is there a checks and controls process? Any internal sign-off tracker?
7. Has reported performance been calculated in accordance with current definitions/requirements including FD19, corrigenda, and RAGs?
8. Can performance be explained in the context of historical and forecast data?
9. Does the commentary disclose material assumptions and explain performance?
10. Are there any material risks or issues that may impact the accuracy and completeness of reporting, now or in the future?
11. Is the data supported by audit trails, confirmed by sampling (at least 3 samples)
12. (PCs only) Has a confidence grade been defined in line with the Ofwat guidance? If yes, what is it / has it been changed from last year?

Our review of the North Bristol Sewer Scheme - Trym catchment PC included the extent to which the scheme had been delivered in line with the scope of the works set out in the company business plan, as required by the definition.

We have provided additional assurance statements/reports on the following performance commitments:

- A4 Gap sites
- E4 Natural capital: improve Sites of Special Scientific Interest (SSSI sites)
- E5 Greenhouse gas emissions
- E7 Working with catchment partners to improve natural capital
- E11 Km of river improved (non-WINEP)

Overall performance

Of your 46 performance commitments, we agreed:

PC Target		No. of PCs		Change
		APR22	APR23	
Met	Outperformance	13	14	↑
	No payment	15	7	↓
Missed	Underperformance	6	9	↑
	No payment	7	3	↓
Reputational only	Met	5	8	↑
	Missed	4	2	↓
Reported by Ofwat		2	2	—
No target		3	1	↓

Overall, a similar level of outperformance to last year, with:

1 PC moved from underperformance to outperformance:

- Working with communities to improve bathing water experience (E6)

4 PCs moved from outperformance to underperformance:

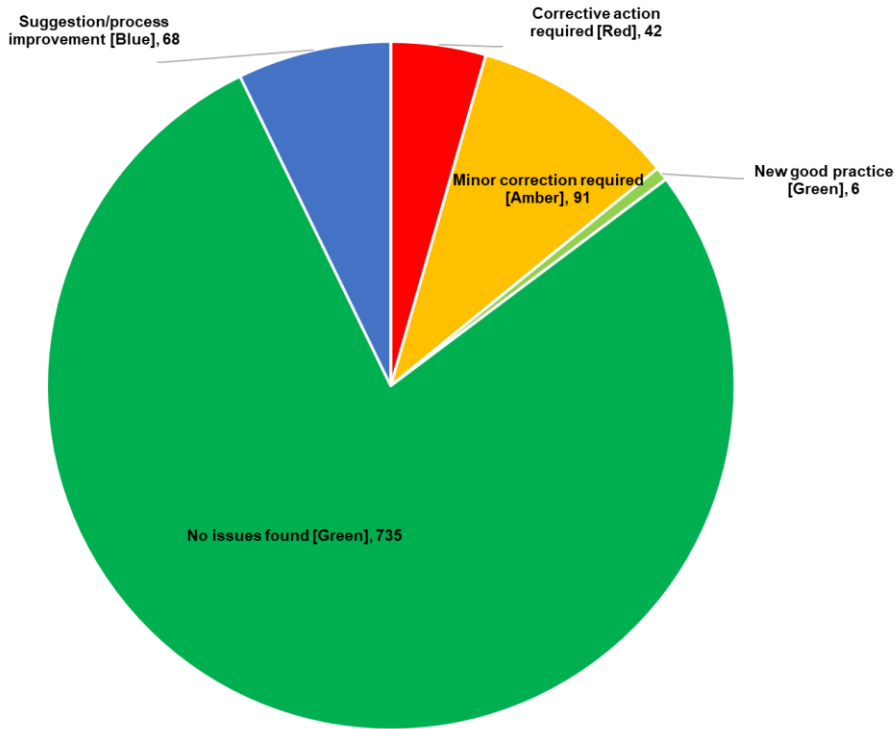
- Main repairs (R4),
- Pollution incidents (E2),
- Water quality customer contacts (Q2) and
- Sewer flooding risk (F3)

Overview of findings

We carried out 71 audits and raised 207 actions

- We found errors in data or calculations 42 times (red), of which 20 related to performance commitments, at least two performance commitment results changed as a result of audit.
- We made 68 suggestions for business improvement on the areas including method statement, data handling approach, consistency and commentary.
- As last year, peer review and checking were generally better, reducing the risk of errors being published.

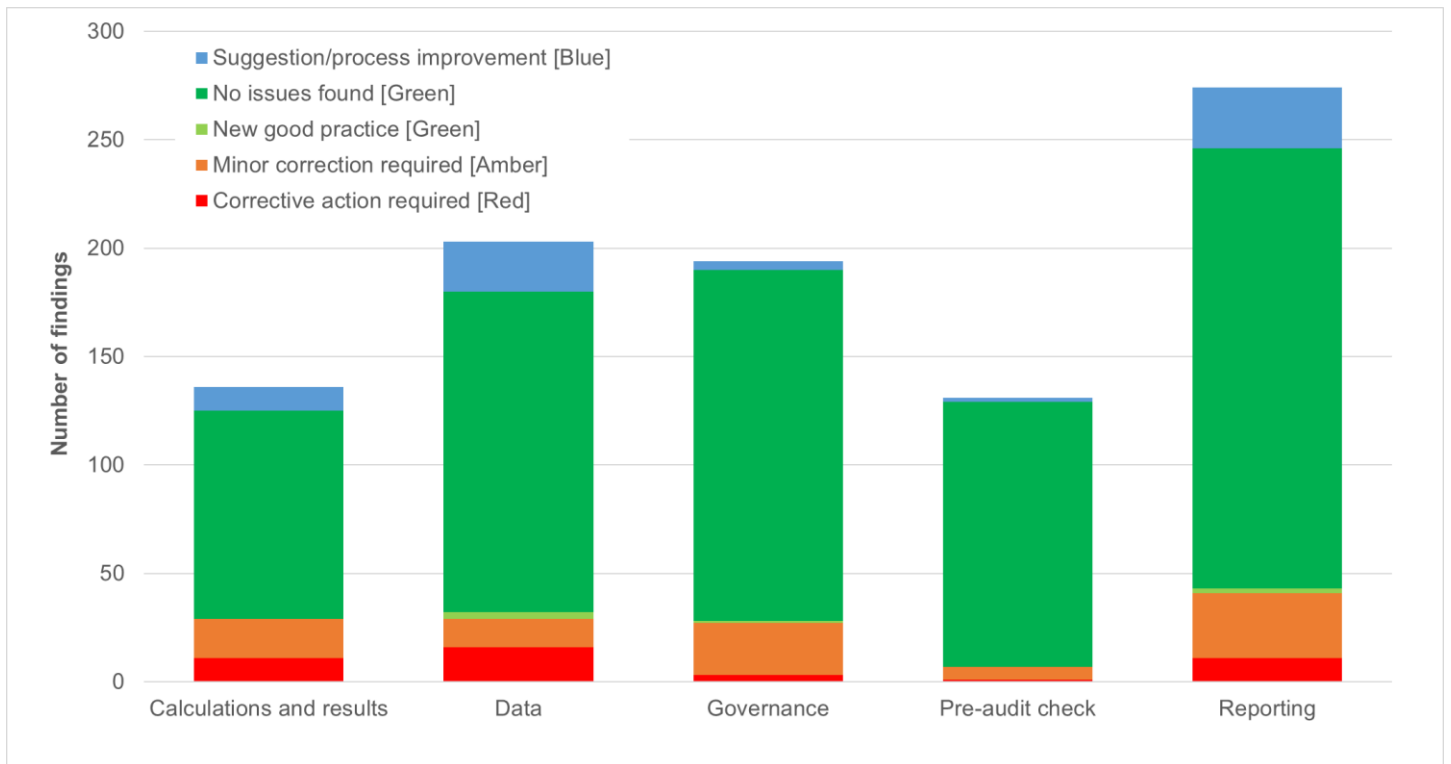
Though we raised more actions than last year, we audited more tables and we noticed fewer errors in the reported values than in previous years, which were all corrected during or immediately after audit.



Distribution of findings by test category

No area stands out as attracting more actions than others.

“Red” indicates actions for completion before submission, including important corrections in data, calculations and results, but also where waiting for data from DWI, EA, Accent.



Key findings

Our key findings were in four areas:

1. Mains repairs PC
2. Successful applications for assistance PC
3. Lead and galvanised iron pipes
4. Average pumping head

Issue and revision record

Revision	Date	Originator	Checker	Approver	Description
1	12 Jun 2023	M Rhodes/ Y Zhang			
2	13 Jun 2023	Y Zhang	AIJ Heather	AIJ Heather	Updated after client feedback.
3	14 Jun 2023	Y Zhang	AIJ Heather	AIJ Heather	Updated after client feedback.

Appendix 1: Performance commitments outturn

Common performance commitments	APR21 outturn	2021-22 PCL	APR22 outturn	2022-23 PCL	APR23 outturn	2023-24 PCL
Water Quality compliance (CRI) (Q1)	1.61	0	0.37	0	1.04	0
Water Supply Interruptions (R1)	00:04:34	00:06:08	00:04:12	00:05:45	00:04:10	00:05:23
Leakage (W1)	5.20%	3.90%	10.80%	6.90%	9.30%	9.90%
Per capita consumption (W2)	-3.80%*	0.20%	-5.20%	0.30%	-5.40%	0.40%
Mains repairs (R4)	177.7	159.1	147.1	156.9	163.5	154.6
Unplanned outage (R5)	0.57%	2.34%	1.59%	2.34%	0.76%	2.34%
Risk of severe restrictions in a drought (R2)	0%	0%	0.00%	0.00%	0.00%	0.00%
Priority services for customers in vulnerable circumstances (C1)						
Reach	2.5%	3.9%	4.0%	4.9%	6.10%	6.00%
Attempted contact	49.4%	90.0%	91.6%	90.0%	90.8%	90.0%
Actual contact	35.7%	35.0%	55.0%	35.0%	54.8%	35.0%
Internal sewer flooding (F1)	1.41	1.63	1.43	1.58	1.31	1.44
Pollution incidents (E2)	25.18	23.74	20.6	23	31.48	22.4
Common performance commitments	APR21 outturn	2021-22 PCL	APR22 outturn	2022-23 PCL	APR23 outturn	2023-24 PCL
Risk of sewer flooding in a storm (R3)	11.82%	11.93%	9.84%	9.45%	7.98%	8.91%
Sewer collapses (R6)	6.12	6.33	5.91	6.33	5.22	6.33
Treatment works compliance (E1)	99.08%	100%	100%	100.00%	99.35	100.00%
C-MeX: Customer measure of experience (X1)	86.09	N/A	84.82	N/A	82.99	N/A
D-MeX: Developer services measure of experience (X2)	89.47	N/A	89.65*	N/A	89.89	N/A

Bespoke performance commitments	APR21 outturn	2021-22 PCL	APR22 outturn	2022-23 PCL	APR23 outturn	2023-24 PCL
Total bill reduction to customers on social tariffs per 10,000 households (A1)	£56,562	£68,246	£61,133	£74,606	£72,723	£80,858
Successful applications for assistance received by the independent advice sector/ third parties (A2)	1,614	2,300	1,977	2,300	2,474	2,300
Void sites (A3)	1.83%	2%	1.70%	2.00%	1.72%	2.00%
Gap sites (A4)	113	112	113	112	115	112
Value for money (X3)	78%	79%	76%	81%	79%	83

Bespoke performance commitments	APR21 outturn	2021-22 PCL	APR22 outturn	2022-23 PCL	APR23 outturn	2022-24 PCL
Delivering for customers in vulnerable circumstances (C2)	Maintained	Maintained	Maintained	Maintained	Maintained	Maintained
Number of children/ students engaged (C3)	453* (WSX) 0 (Ofwat)	24,370	5,726	24,370	8,916	24,370
Customer reported leaks fixed within a day (W3)	92% (WSX) 43% (Ofwat)	90%	93%	90%	90%	90%
Volume of water saved by water efficiency engagement (W4)	0.7 MI/d	2.0 MI/d	1.4 MI/d	3.0 MI/d	3.6 MI/d	4.0 MI/d
Water quality customer contacts (Q2)	1.44	1.22	1.17	1.12	1.14	1.03
Tackling water quality at home and in the work place (Q3)	9,739	18,297	14,181	18,297	18,596	18,297
Lead communication service pipes replaced (Q4)	944	1,410	1809	2,010	1,928	2,210
Event risk index (ERI WW) (Q5)	16.766	12.8	193.699**	12.8	402.796	12.8
Customer property sewer flooding (external) (F2)	19.35	16.73	19.27	16.38	17.83	16.03
Sewer flooding risk (F3)	55,015	50,651	53,737	50,651	56,258	50,651

Bespoke performance commitments	APR21 outturn	2021-22 PCL	APR22 outturn	2022-23 PCL	APR23 outturn	2023-24 PCL
North Bristol Sewer Scheme – Trym catchment (F4)	N/A	0	N/A	0	0	0
Restrictions on water use (hosepipe bans) (R7)	0	0	0	0	0	0
Abstraction Incentive Mechanism (Mere) (E3)	-299MI	-100MI	-251 MI	-100 MI	-319 MI	-100 MI
Natural capital: improve Sites of Special Scientific Interest (SSSI sites) (E4)	22%	40%	52%	60%	67%	80%
Greenhouse gas emissions (E5)	109 ktCO2e	110 ktCO2e	106 ktCO2e	107 ktCO2e	104 ktCO2e	105 ktCO2e
Working with communities to improve bathing water experience (E6)	20	26	24	33	36	40
Working with catchment partners to improve natural capital (E7)	33	37	42	37	43	37
Satisfactory sludge disposal (E8)	99.54%	100%	100%	100.00%	100.00%	100.00%
Reduce frequent spilling overflows (non-WINEP) (E9)	0	0	0	0	0	0
Bespoke performance commitments	APR21 outturn	2021-22 PCL	APR22 outturn	2022-23 PCL	APR23 outturn	2023-24 PCL
Length of river with improved water quality through WINEP delivery (E10)	0.0km	159.4km	149.8km	167.4km	157.8km	167.4km
Km of river improved (non-WINEP) (E11)	23.0km	0.0km	29.9km	0.0km	32.4km	0.0km
Abstraction Incentive Mechanism (Stubhampton) (E12)	-157MI	-45MI	-231MI	-45MI	-169ML	-45MI
Delivery of water industry national environment programme requirements (NEP01)	met	met	met	met	met	met
Drainage and wastewater management plans (DWMP)	0%	0%	0%	100%	100%	100%
WINEP requirements (Bristol (Avonmouth) STW) (E13)	0 months	0 months	0 months	0 months	0 months	0 months
Security non-SEMD outputs (SEC)	0 months	0 months	0 months	0 months	0 months	0 months

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Wessex Water Services Limited

Opinion

We have audited the tables within sections 1 and 2 of Wessex Water Services Limited (the Company's) Annual Performance Report for the year ended 31 March 2023 ("the Regulatory Accounting Statements") which comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (table 1E), the financial flows (table 1F) and the related notes; and
- the regulatory price review and other segmental reporting tables comprising the segmental income statement (table 2A), the totex analysis for wholesale water and wastewater (table 2B), the operating cost analysis for retail (table 2C), the historical cost analysis of fixed assets for wholesale and retail (table 2D), the analysis of grants and contributions and land sales for wholesale (table 2E), the household water revenues by customer type (table 2F), the non-household water revenues by customer type (table 2G), the non-household wastewater revenues by customer type (table 2H), the revenue analysis & wholesale control reconciliation (table 2I), the infrastructure network reinforcement costs (table 2J), the infrastructure charges reconciliation (table 2K), the analysis of land sales (table 2L), the revenue reconciliation for wholesale (table 2M), residential retail social tariffs (table 2N) and historical cost analysis of intangible assets (table 2O) and the related notes.

We have not audited the Outcome performance tables (3A to 3I) and the additional regulatory information in tables 4A to 4W, 5A to 5B, 6A to 6F, 7A to 7F, 8A to 8D, 9A, 10A to 10E and 11A.

In our opinion, the Company's Regulatory Accounting Statements have been properly prepared, in all material respects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.08, RAG 3.14, RAG 4.11 and RAG 5.07) and the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2), set out on pages 8-19.

Audit Opinion for the Annual Performance Report 2022-23

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF (Revised) 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2) set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. As a result, the Regulatory Accounting Statements may not be suitable for another purpose. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes. Accordingly, we make no such assessment.

In addition, we are not required to assess whether the methods of cost allocation set out in the accounting methodology statement are appropriate to the circumstances of the Company or whether they meet the requirements of the WSRA. The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of United Kingdom adopted international accounting standards ("UK IASs"). Financial information other than that prepared on the basis of UK IASs does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements on pages 22 to 30 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from UK IASs. A summary of the effect of these departures in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the Regulatory Accounting Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included completing the following procedures:

- Gained an understanding of the process undertaken by management to perform the going concern assessment, including discussion with management to ensure all key factors were taken into account.
- Obtained management's forecast cash flows and covenant calculations covering the period from the date of signing to 31 July 2024 and agreed these to the Board and regulatory approved budgets and forecasts.
- Inquired of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern.
- Tested the mathematical accuracy of the cash flow forecasts, as well as the calculation of the forecast covenants.
- Compared forecast future cashflows to historical data, ensuring variations are in line with our expectations, such as historical performance, and understanding of the business and considered the reliability of past forecasts.
- Considered the Company's ability to obtain additional liquidity, with the support of our debt advisory specialists and agreed available facilities to underlying agreements and the extent of drawings thereunder to external confirmations.
- Performed forecast covenant testing and considered any indicator of breach in the assessment period.
- Considered two of the most challenging downside scenarios modelled by management in respect of the assumptions used in the going concern assessment and included sensitivity analysis on management's forecast cashflows to understand how more severe conditions would have to be to breach liquidity and/or covenants.
- Understood and challenged the Board's controllable mitigation plans and the forecast impact on the ability of the business to operate within its financial covenants. We obtained supporting documentation to evaluate the plausibility and achievability of management's mitigation plans considering actions delivered to date.
- Considered the results of other audit procedures and other knowledge obtained in the audit and whether it was consistent with or contradicted management's assumptions.
- Assessed the appropriateness of disclosures within the Annual Report and Accounts.

Our key observations:

- In March 2023, the Company secured a £300 million bond.
- The Company also has a £225 million revolving bank facility available to draw upon during the going concern period, £35 million of which has been drawn down at 31 March 2023.
- The Company has £200m of debt maturity payments to make in the going concern assessment period.

- The Directors are satisfied that the issuance of debt included within the forecasts prepared for the going concern period is achievable.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Regulatory Accounting Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

Responsibilities of the Directors for the Annual Performance Report

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2).

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Regulatory Accounting Statements within the Annual Performance Report

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Regulatory Accounting Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities,

including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included;
 - Regulatory Accounting Guidelines as issued by the WRSA,
 - UK adopted international accounting standards
 - Financial Reporting Council (FRC)
 - Tax Legislation (Governed by HM Revenue and Customs)
 - General Data Protection Regulation
 - The UK Bribery Act
 - Anti-Money Laundering Legislation
 - Health & Safety Legislation
 - Ofwat Regulations
 - The Water Act (2003; 2014)
 - Environment Act (1995; 2021)
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- We understood how Wessex Water Services Limited is complying with those frameworks by enquiring with management to understand how the company maintain and communicate its policies and procedures in relation to these areas. We evaluated the entity level control environment through discussion with management and in-house legal counsel and inspecting and observing the control environment.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings. We considered the programmes and controls that the Company has established to address the risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of key management and in-house legal counsel, reviewing key policies, inspecting legal registers and correspondence of non-compliance from the relevant authorities and reports from any external legal teams, and reading board meeting minutes. We performed journal entry testing to ensure that there are no unusual legal or penalty expenses incurred during the year that haven't been disclosed and to ensure that the management is in compliance with the applicable framework. For any non-compliance noted, we assessed the accounting implications and read the financial statements to evaluate the appropriateness of the disclosures.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Instrument of Appointment granted by the Secretary of State for the Environment to the Company as a water and sewage undertaker under the Water Industry Act 1991 ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WSRA, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the non-statutory financial statements of the Company for the year ended 31 March 2023 on which we reported on 11 July 2023, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Simon O'Neill (Senior statutory auditor)
Ernst & Young LLP
Bristol
14 July 2023